

13th May 2013

The Arc
High Street
Clowne
Derbyshire
S43 4JY

Dear Sir or Madam

You are hereby summoned to attend a meeting of the Audit Committee of the Bolsover District Council to be held in Chamber Suite 1 on Tuesday 21st May 2013 at 1400 hours at The Arc, Clowne.

Register of Members' Interest - Members are reminded that a Member must within 28 days of becoming aware of any changes to their Disclosable Pecuniary Interests provide written notification to the Authority's Monitoring Officer.

You will find the contents of the agenda itemised on page 2.

Yours faithfully,



Chief Executive Officer

To: Chairman & Members of the Audit Committee

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Chief Executive Officer: Wes Lumley, B.Sc. F.C.C.A.



The Government Standard

AUDIT COMMITTEE

AGENDA

Tuesday 21st May 2013 at 1400 hours in Chamber Suite 1, The Arc, Clowne

Item No.		Page No.(s)
	PART 1 – OPEN ITEMS	
1.	To receive apologies for absence, if any.	
2.	To note any urgent items of business which the Chairman has consented to being considered under the provisions of Section 100(B) 4 (b) of the Local Government Act 1972.	
3.	Members should declare the existence and nature of any Disclosable Pecuniary Interest and Non Statutory Interest as defined by the Members' Code of Conduct in respect of: a) any business on the agenda b) any urgent additional items to be considered c) any matters arising out of those items and if appropriate, withdraw from the meeting at the relevant time.	
4.	Minutes of a meeting held on 12 th March 2013.	3 to 11
5.	Reports of the Internal Audit Consortium; Internal Audit Consortium – Summary of Progress on the Internal Audit Plan 2012/13.	12 to 15
6.	Reports of the Director of Corporate Resources; Update from Directors Concerning Internal Audit Recommendations.	To Follow
7.	Annual Governance Statement 2012/13	16 to 110
8.	Key Issues of Financial Governance	111 to 130
9.	Strategic Risk Register.	131 to 139
10.	Audit Committee – Self Assessment	140 to 150

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee of the Bolsover District Council held in Chamber Suite 1, The Arc, Clowne, on Tuesday 12th March 2013 at 1400 hours.

PRESENT:-

Members: - Councillors J.A. Clifton, H.J. Gilmour, A.F. Tomlinson and G.O. Webster.

Cooptees: - J. Yates.

Officers:- B. Mason (Director of Corporate Resources), G. Bagnall (Joint Assistant Director of Corporate Resources) J. Williams (Deputy Head of Internal Audit Consortium) and A. Bluff (Democratic Services Officer).

J. Yates in the Chair.

1002. APOLOGIES

Apologies for absence were submitted on behalf of Councillor D. McGregor and J.M. Hill (Cooptee), S. Sunderland (Audit Team Lead, KPMG) and E. Mayor (Audit Team Manager, KPMG).

1003. URGENT ITEMS

There were no urgent items of business to consider.

1004. DECLARATIONS

There were no declarations of interest made.

1005. MINUTES – 4th FEBRUARY 2013

Moved by Councillor A.F. Tomlinson, seconded by Councillor G.O. Webster
RESOLVED that the minutes of an Audit Committee meeting held on 4th February 2013 be approved as a correct record.

1006. REPORTS OF KPMG – THE COUNCIL'S EXTERNAL AUDITORS; BOLSOVER DISTRICT COUNCIL – EXTERNAL AUDIT PLAN 2012/13

In the absence of the Audit Team Lead, KPMG, the Director of Corporate Resources presented and gave a brief outline of the KPMG report to the meeting.

AUDIT COMMITTEE

KPMG have been appointed as the Council's External Auditors for 2012/13. The document supplemented KPMG's Audit Fee Letter 2012/13 sent to the Council in August 2012 and details how they will deliver their financial statements audit work for the Council. It also set out KPMG's approach to value for money (VFM) work for 2012/13.

KPMG will need to charge for any additional work that they are required to undertake during the course of the Audit. It was noted that KPMG may use their offshore audit resources located in India when carrying out the audit work, although the data would remain within UK based servers.

A short discussion took place.

Members raised a number of issues which the Director of Corporate Resources responded to.

The Director of Corporate Resources advised Members that future reports from KPMG would cover the issue of the progress that had been made by the Council in addressing the range of issues previously raised by the Audit Commission.

Moved by Councillor J. Clifton, seconded by Councillor A.F. Tomlinson
RESOLVED that the report be received.

1007. REPORTS OF THE INTERNAL AUDIT CONSORTIUM; INTERNAL AUDIT CONSORTIUM – SUMMARY OF PROGRESS ON THE INTERNAL AUDIT PLAN 2012/13

The Deputy Head of the Internal Audit Consortium presented a report which informed Members of progress made during the period 24th November 2012 to 22nd February 2013 in relation to the 2012/13 Internal Audit Plan.

It was noted that five reports had been issued during the period and an appendix attached to the report gave a summary of the overall audit opinion of each report and the number of recommendations made and accepted where a full response had been received.

Work in progress relating to other audits in the 2012/13 Plan was also covered in the report.

A short discussion took place. In response to a question it was confirmed that there were no issues arising relating to fraud that had been uncovered by Internal Audit during their work to date on the 2012/13 Plan.

An annual report summarising the outcome of the 2012/13 Internal Audit Plan would be presented to Committee after the year end.

Moved by Councillor A.F. Tomlinson, seconded by Councillor G.O. Webster
RESOLVED that the report be noted.

AUDIT COMMITTEE

1008. BOLSOVER DISTRICT COUNCIL - INTERNAL AUDIT PLAN 2013/14

The Deputy Head of the Internal Audit Consortium presented a report for Members consideration in relation to the Internal Audit Plan for 2013/14.

A summary of the Internal Audit Plan for 2013/14 was also included in the report with a fully detailed plan provided as an appendix.

The Plan had been prepared taking into account the following factors;

- an update of the internal audit risk assessment exercise covering the financial control and other procedures subject to audit,
- the Council's Strategic Risk Register,
- the views of the Director of Corporate Resources

The Plan allocated 587 audit days to the Council for 2013/14, the same number of days as in 2012/13.

A copy of the Plan would be provided to the Council's External Auditor to assist in co-ordination of work programmes.

Members raised a range of issues which were discussed by the Committee.

Moved by Councillor A.F. Tomlinson, seconded by Councillor G.O. Webster **RESOLVED** that the Internal Audit Plan 2013/14 be agreed.

1009. JOINT REPORT OF THE INTERNAL AUDIT CONSORTIUM AND THE DIRECTOR OF CORPORATE RESOURCES; AUDIT COMMISSION NATIONAL REPORT –‘PROTECTING THE PUBLIC PURSE 2012 – FIGHTING FRAUD AGAINST LOCAL GOVERNMENT’

The Director of Corporate Resources presented a report for Members consideration on the summary of findings and recommendations from a recent Audit Commission National report titled, 'Protecting the Public Purse 2012 – Fighting Fraud against Local Government'.

A full copy of the 2012 report is available on the Audit Commission's website.

<http://www.audit-commission.gov.uk/fraud/protecting-the-public-purse/Pages/protecting-the-public-purse-2012.aspx>

The Audit Commission report included a check list covering the issues and recommendations in their report so that 'those responsible for governance' could review the current level of compliance. The check list had been completed by the Director of Corporate Resources and the Head of the Internal Audit Consortium in conjunction with other relevant officers for consideration by the Audit Committee.

AUDIT COMMITTEE

When completing the checklist and identifying potential areas for further action, responses had been kept proportionate to both the perceived risk within the Council and to the resources available.

A key mechanism for both the prevention and detection of fraud was staff awareness and the Head of Internal Audit, in conjunction with the Director of Corporate Resources, would ensure that an article would be placed on the Council's intranet site to remind staff of the fact that the Council maintained a policy of zero tolerance towards fraud.

A short discussion took place.

Moved by Councillor J.A. Clifton, seconded by Councillor G.O. Webster

RESOLVED that (1) the report be noted,

(2) the position shown in the 'check list for those responsible for governance' be noted and that a message be put on the Council's intranet site publicising the key messages of the Council's Anti Fraud Strategy.

(Head of Internal Audit / Director of Corporate Resources)

1010. REPORTS OF THE DIRECTOR OF CORPORATE RESOURCES; UPDATE FROM DIRECTORS CONCERNING INTERNAL AUDIT RECOMMENDATIONS

An extraordinary meeting of Audit Committee had been held on 16th October 2012, where the attendance of all Directors had been requested to provide Committee with an update of progress in addressing all Audit Reports, which had resulted in an assessment of unsatisfactory or marginal being recorded against the area under consideration.

The Audit Committee had continued to emphasise the role that Directors play in ensuring a sound internal control environment and the Director of Corporate Resources presented a report which intended to allow all Directors to provide a further update in respect of progress in those areas. Two appendices were attached to the report.

It was noted that the Council had not had any areas reviewed by Internal Audit which resulted in a categorisation of unsound.

Where an area was evaluated as either good or satisfactory, no further corporate work was considered to be necessary; the service manager would then need to implement any agreed recommendations and the area would be reviewed again by Internal Audit in line with the work programme set out in the Audit Plan.

Where an area was judged either marginal or unsatisfactory, further reports would be brought back to the Audit Committee.

AUDIT COMMITTEE

Appendix 1 set out the position concerning the reports which were considered to be unsatisfactory or marginal in respect of 2011/12 and provided an update as to the progress made in respect of each of the areas.

Appendix 2 set out the position in respect of audits undertaken to date in the current financial year 2012/13 which showed that eight out of 14 audits had resulted in an assessment of marginal. This compared with the position in respect of last year (2011/12), when out of 28 audits, four areas were classified as unsatisfactory and nine were judged to be marginal. With a further 12 audits still to be issued it was expected that the proportion of audits considered as marginal or unsatisfactory would remain broadly the same as in the previous year.

The Director of Corporate Resources circulated a third appendix to the meeting, which provided a summary of internal audit reports 2012/13 considered marginal as set out in Appendix 2; with progress made in addressing the recommendations:

It was recommended that all Directors be requested to attend the next Audit Committee to be held on 21st May 2013, at which stage all reports in respect of 2012/13, would be available and would give a more comprehensive overview of progress to date.

Members requested a third recommendation be added, that Members receive any reports for the next Audit Committee, ten days in advance of the meeting date.

Moved by Councillor J.A. Clifton, seconded by Councillor A.F. Tomlinson

RESOLVED that (1) the report be noted,

(2) all Directors be requested to attend the next Audit Committee meeting on 21st May 2013,

(3) Members receive any reports for the next Audit Committee, ten days in advance of the meeting date.

(Head of Internal Audit / Director of Corporate Resources / Head of Democratic Services)

1011. STATEMENT OF ACCOUNTS 2012/13 – ADOPTION OF ACCOUNTING POLICIES AND UPDATE ON ACCOUNTING CHANGES

The Assistant Director of Corporate Resources presented a report for Members consideration regarding the adoption of accounting policies and an update on accounting changes in relation to the Statement of Accounts 2012/13.

Accounting Policies:

Officers had undertaken a review of all accounting policies previously agreed to check their relevance, clarity, legislative compliance and that they were in accordance with the latest version of the Code of Practice and IFRS requirements. Some policies had been amended to clarify the policy itself while others had been added to address changes required by IFRS. Full details of all the proposed accounting policies were detailed in Appendix 1 attached to the report.

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The Assistant Director of Corporate Resources added that it may be necessary to amend a policy as the Statement of Accounts for 2012/13 is prepared to reflect the accounting treatment taken. If this occurred, the change and the reason for the change would be reported back to Audit Committee in June 2013.

Accounting Changes:

Following completion of the audit of the Statement of Accounts (September 2012), a number of actions had been undertaken by the Accountancy Section to address issues raised by the External Auditors. Details of these were outlined in the report and covered;

- Reconciliation – frequency and completeness,
- Correct Identification of capital and revenue items,
- Improved Instructions to the Valuer and correct calculation of impairments,
- Robust individual Housing Property Records,
- Budgetary Control and Virement;

The annual Statement of Accounts was one of the Council's most important corporate documents. The performance in this key area therefore needed to be at a very high standard to ensure that the Accounts met all the IFRS requirements and are signed off as unqualified by the External Auditor. Failure to produce a robust Statement of Accounts would reflect badly on the financial stewardship of the Council and on its overall reputation.

Members thanked the Assistant Director of Corporate Resources for the detailed report.

Moved by Councillor A.F. Tomlinson, seconded by Councillor G.O. Webster

RESOLVED that (1) the Accounting Policies as detailed in Appendix 1 be approved,

(2) any proposed amendments or changes to the policies be reported back to Audit Committee, together with an explanation for the reasons a change was considered to be appropriate and detailing any financial implications of the amendments,

(3) changes introduced within the Accountancy Section during 2012/13 to improve accounting arrangements for the Council be noted.

(Director of Corporate Resources/ Assistant Director of Corporate Resources)

1012. KEY ISSUES OF FINANCIAL GOVERNANCE

The Director of Corporate Resources presented a report for Committees consideration on the progress secured in improving the Council's financial governance arrangements.

The report outlined issues raised by both External and Internal Audit and progress made in addressing those issues and for evaluating the overall progress of the Council's financial governance arrangements.

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Two appendices were also attached to the report and these set out the detailed recommendations made by the Council's External Auditors in their Annual Governance Letter of September 2012, Annual Audit Letter of October 2012 and the Interim Governance Report of June 2012. Issues within the Interim Governance Report and the Annual Governance Report would continue to be marked as complete within the appendices as they were resolved.

The report provided a table which summarised the strategic issues together with an update of the current position. The Director of Corporate Resources and other members of Strategic Alliance Management Team (SAMT) were responsible for addressing strategic issues and resolution was also dependent upon securing support of elected Members. Monitoring and evaluating progress, and where appropriate securing further action from officers, would be the role of Audit Committee.

A discussion took place around the savings made by the Council so far and the amount of savings that still needed to be identified.

In response to a question raised by Councillor Clifton regarding the Annual Governance Report, the Director of Corporate Resources advised Members that the draft report in respect of 2012/13 report would be presented to Audit Committee in May 2013.

Moved by Councillor A.F. Tomlinson, seconded by Councillor G.O. Webster
RESOLVED that (1) the Strategic Issues of Financial Governance as set out in the report be noted,

(2) the detailed issues raised by External Audit as set out within the appendices to the report be noted.

1013. BUDGET MONITORING REPORT QUARTER 3 – 2012/13

The Director of Corporate Resources presented a report which provided an update on the financial position of the Council following the third quarter's budget monitoring exercise for the General Fund, the Housing Revenue Account, the Capital Programme and Treasury Management Activity. Five appendices providing detailed break down information were also attached to the report.

It was noted that the report had been previously presented to Executive on 4th March 2013.

General Fund Revenue Account;

The Current Budget reflected the revised budget position for the Council and the latest budget transfers requested by budget managers. The overall position showed that there was in effect a balanced budget for the Council for 2012/13 and officers were managing their budgets against this position. The budget monitoring position for the third quarter was summarised in Appendix 1.

The detailed cost centre monitoring statement was shown at Appendix 2 and comments had been added to explain some of the main variances identified at the third quarter.

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At the third quarter the budget monitoring position showed an overall net under spend of £0.191m. This indicated that the overall General Fund net expenditure is currently within the profiled budget. There were some budget pressures to note which would reduce this under spend as the Council moved into the last quarter of the financial year. However, officers were continuing to examine and identify efficiencies and savings and this ongoing work was expected to assist in achieving the aim to break even by the end of the financial year. To the extent to which it proves possible to achieve any under spend then this would be used to increase the level of General Fund balances as set out within the Medium Term Financial Plan (MTFP).

Housing Revenue Account (HRA);

The Housing Revenue Account in respect of the first nine months of 2012/13 was set out in Appendix 3.

The net position at the third quarter showed that the HRA had a net under spend of £0.400m. Some of the under spend would balance out as the year progressed and work was undertaken – it was anticipated that the account would show an overall under spend against the revised budgets for the financial year.

Capital Expenditure and Resources;

The third quarter monitoring position in respect of the Capital Programme was provided in Appendix 4 to the report.

The Appendix was split into two sections. The first section showed the Housing Revenue Account Capital Schemes and the second, the General Fund Capital Schemes.

The Capital Programme was currently progressing at a slower pace than indicated in the profiled revised approved budgets for 2012/13. The position meant there are no budget pressures to report. A key issue to note was that the delay in capital receipts (the sale of land at Bolsover and Shirebrook), meant that the Council would need to undertake some prudential borrowing over the short term to cover the financing requirements of the programme.

Treasury Management;

A brief report on the treasury management activity during the first nine months of the year was shown in Appendix 5.

During the first nine months of the financial year, the Council continued to operate within the treasury limits set out in the Borrowing and Investment Strategy. The latest Treasury Management Strategy updated these limits, which would apply from the date they were approved by Council.

Further to questions raised by Members, the Director of Corporate Resources replied that any under spend and the reason behind any under spend, would be looked at again along with the budgets for this year to ensure that areas of potential savings continued to be identified.

Members noted that a lot of work had been put into the reports.
Moved by Councillor A.F. Tomlinson, seconded by Councillor H.J. Gilmour
RESOLVED that the report be noted.

AUDIT COMMITTEE

1014. RISK STRATEGY INCLUDING STRATEGIC RISK REGISTER

The Director of Corporate Resources presented the revised Strategic Risk Register as at 31st December 2012 to Committee for its consideration.

The Risk Management Group had developed the Council's Strategic Risk Register to take into account issues raised within the Master Risk Register which outlined the service or operational risks faced by the Council.

In addition, the Group had looked at best practice from other local authorities in order to ensure that the Council's arrangements continued to be fit for purpose. The revised Strategic Risk Register as at 31st December 2012 was attached as Appendix 1 to the report and reflected these pieces of work and was structured so that those risks with the highest risk score were detailed first.

In response to questions raised by Members, the Director of Corporate Resources gave explanation of the risk scores and the impact on the Council. He added that he would provide Members with information on how risk was classified at the next meeting of Audit Committee.

A short discussion took place.

Moved by Councillor G.O. Webster, seconded by Councillor J.A. Clifton
RESOLVED that the report be noted.

(Director of Corporate Resources)

The meeting concluded at 1530 hours.

**INTERNAL AUDIT CONSORTIUM - SUMMARY OF PROGRESS ON THE
INTERNAL AUDIT PLAN 2012/13**

MEETING: **BOLSOVER DISTRICT COUNCIL
AUDIT COMMITTEE**

DATE: **21st MAY 2013**

REPORT BY: **INTERIM HEAD OF INTERNAL AUDIT
CONSORTIUM**

For Publication

1.0 **PURPOSE OF REPORT**

1.1 To present, for members' information, progress made by the Audit Consortium, during the period 23rd February 2013 to 3rd May 2013, in relation to the 2012/13 Internal Audit Plan. The report includes a summary of Internal Audit Reports issued during the period and Work in Progress.

2.0 **BACKGROUND**

2.1 The 2012/13 Consortium Internal Audit Plan for Bolsover was reported to the Audit Committee on the 12th March 2012. The Consortium Agreement in paragraph 9.3 requires that the Head of the Internal Audit Consortium (HIAC) or his or her nominee will report quarterly (or at such intervals as the HIAC may agree with the Committee) to the Audit Committee of each Council on progress made in relation to their Annual Audit Plan.

3.0 **SUMMARY OF REPORTS ISSUED**

3.1 Attached, as Appendix 1, is a summary of reports issued covering the period 23rd February 2013 to the 3rd May 2013, for audits included in the 2012/13 Bolsover District Council Internal Audit Plan.

3.2 Internal Audit Reports are issued as drafts with five working days being allowed for the submission of any factual changes, after which time the report is designated as a Final Report. Fifteen working days are allowed for the return of the Implementation Plan.

3.3 The Appendix shows for each report a summary of the Overall Audit Opinion on the audit and the number of recommendations made / agreed where a full response has been received.

The overall opinion column of Appendix 1 gives an assessment of the reliability of the internal controls examined in accordance with the following classifications:

Control Level	Definition
Good	A few minor recommendations (if any).
Satisfactory	Minimal risk; a few areas identified where changes would be beneficial.
Marginal	A number of areas have been identified for improvement.
Unsatisfactory	Unacceptable risks identified, changes should be made.
Unsound	Major risks identified; fundamental improvements are required.

3.4 In respect of the audits being reported, it is confirmed that there were no issues arising relating to fraud that need to be brought to the Committee's attention.

4.0 **OTHER WORK IN PROGRESS**

4.1 Work currently in progress to complete the 2012/13 internal audit plan includes:

- Budgetary Control
- Pleasley Mills Rent Collection
- Facilities Management Contract
- Frederick Gent Leisure Facilities Income

5.0 **RECOMMENDATION**

5.1 That the report be noted.

6.0 **REASON FOR RECOMMENDATION**

6.1 To inform Members of progress on the Internal Audit Plan for 2012/13 and the Audit Reports issued.

JENNY WILLIAMS
INTERIM HEAD OF INTERNAL AUDIT CONSORTIUM

BOLSOVER DISTRICT COUNCIL

Appendix 1

Internal Audit Consortium - Report to Audit Committee

Summary of Internal Audit Reports Issued 2012/13 Plan 23rd February 2013 to 3rd May 2013

Report Ref No.	Report Title	Scope and Objectives	Overall Opinion	Date		Number of Recommendations	
				Report Issued	Response Due	Made	Accepted
B023	Rechargeable Works	To ensure there is a policy in place which is complied with and that works are recharged where appropriate	Marginal	5/03/2013	26/03/13	5 (1H 2M 1L)	Note 1
B024	Housing Repairs	To review the controls and procedures in place	Marginal	5/03/13	26/03/13	6 (3H 2M 1L)	5
B025	Commercial Waste	To review the controls and procedures in place and that fees are charged correctly	Satisfactory	25/03/13	17/04/13	3 (2H 1M)	3
B026	Housing Benefits	To ensure the controls and procedures in place are operating effectively	Satisfactory	28/03/13	22/04/13	1H	Note 1
B027	VAT	To ensure the VAT return is completed in an accurate and timely fashion and that staff are suitably trained in VAT issues	Satisfactory	16/04/13	8/05/13	3M	Note 2
B028	Main Accounting	To review the controls and procedures in place	Good	18/04/13	10/05/13	1M	Note 2

Report Ref No.	Report Title	Scope and Objectives	Overall Opinion	Date		Number of Recommendations	
				Report Issued	Response Due	Made	Accepted
B029	Capital Accounting	To ensure that expenditure coded to capital falls within the capital expenditure definition	Good	25/04/13	17/05/13	0	0
B030	Gas Servicing	To undertake a follow up of the recommendations made at the last audit	Unsatisfactory	2/05/13	24/05/13	3 (2H 1M)	Note 2

Notes: For recommendations, H = High priority, M = Medium priority and L = Low Priority.

Note 1 Response not received at time of compiling report
Note 2 Response not due at the time the report was prepared

BOLSOVER DISTRICT COUNCIL

AUDIT COMMITTEE

21st MAY 2013

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

ANNUAL GOVERNANCE STATEMENT 2012/13

RELEVANT CORPORATE AIMS : All

TARGETS : No specific Targets

VALUE FOR MONEY: Effective governance arrangements are a key element in securing value for money across all Council Activities.

1 Recommendation

- 1.1 That Audit Committee consider the draft Annual Governance Statement and make any observations or recommendations which they consider to be appropriate.
- 1.2 That the Audit Committee having reviewed the effectiveness of the Governance Framework are satisfied that the Council's governance arrangements whilst in need of further improvement continue to be fit for purpose.
- 1.3. That the Audit Committee recommends the Revised Code of Corporate Governance as set out in Appendix 1 to Council for approval.

2 Purpose of Report

- 2.1 To seek the agreement of the Audit Committee to the conclusions and content of the Annual Governance Statement which it is proposed to attach to the Council's Statement of Accounts for 2012/13.
- 2.2 To increase awareness of Governance Issues amongst Members and Employees of the Council, and more generally amongst all stakeholders.
- 2.3 It should be noted that the final version of the Annual Governance Statement will be brought to the Audit Committee at its next meeting on 24th June 2013 when the Committee will be required to formally approve the Statement for inclusion with the Council's Statement of Accounts.

3 Background Information

3.1 As part of its Statement of Accounts the Council has been required to include an Annual Governance Statement with effect from the 2007/08 Financial Year. Preparation of the Statement needs to be undertaken in line with the CIPFA (Chartered Institute of Public Finance and Accountancy / SOLACE (Society of Local Authority Chief Executives and Senior Managers) framework which sets out the fundamental principle of corporate governance that need to be addressed within the Annual Governance Statement. The CIPFA / SOLACE Framework sets out the following principles which Authorities should follow:

- Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area
- Members and officers working together to achieve a common purpose with clearly defined functions and roles
- Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
- Developing the capacity and capability of members and officers to be effective
- Engaging with local people and other stakeholders to ensure robust accountability

One of the key purposes of the Annual Governance Statement is to assess the extent to which the above key principles are in place within an authority and are adhered to in practice. In short it is an annual assessment process for the Governance arrangements. As part of this process it was considered appropriate to review the Council's Code of Corporate Governance. This review has been conducted in the light of developments over the past year and in particular the guidance issued by CIPFA / SOLACE at the end of 2012. The proposed revised Code is attached as Appendix 2 to this report and subject to any comments or amendments that this Audit Committee may wish to make it will be recommended to the Council for approval.

3.2 In addition to considering the fundamental principles as set out above, a key principle for CIPFA/SOLACE is that the Annual Governance Statement is a corporate document, which must be owned by the whole organisation. It should not be regarded purely as a technical statement within the Council's Statement of Accounts.

3.3 CIPFA / SOLACE issued revised guidance in December 2012 which applies to the 2012/13 Annual Governance Statement. The Council has purchased a corporate licence for this document in electronic format and electronic copies are available to Members. While the revised guidance does provide a revised example good practice statement its main focus has switched from the Governance Statement itself to ensuring that local authorities have in place their own codes of governance and are effectively undertaking their responsibility for the proper conduct of business. This is summarised in the introduction to the Addendum which puts the position as follows:

“The principles and standards set out in the Framework are aimed at helping local authorities to develop and maintain their own codes of governance and discharge their accountability for the proper conduct of business. The Framework is helping authorities to improve their performance, give local people better local services and provide stronger leadership for communities.

The Framework emphasises the importance of good governance to the wider outcomes of good management, good performance, and good public engagement. It puts high standards of conduct and leadership at the heart of good governance, placing responsibility on members and officers to demonstrate leadership by behaving in ways that exemplify high standards of conduct, and so set the tone for the rest of the organisation.”

In terms of the Annual Governance Statement itself the revised guidance is less prescriptive and recognises the need for the Statement to be adapted to the particular circumstances of individual local authorities. This change in emphasis reflects the introduction of the Localism agenda which amongst other changes has seen the move away from a national framework to one where more responsibility is placed upon individual local authorities.

- 3.4 In order to assist Audit Committee in making a decision regarding the appropriateness of the draft Annual Governance Statement which is presented as **Appendix 1** to this report, a number of factors need to be taken into account. These are set out in the paragraphs which follow.
- 3.5 A key issue to be considered is the process which has been adopted in order to arrive at the Annual Governance Statement. The actual preparation has been undertaken by a group of officers chaired by the Director of Corporate Resources (Section 151 Officer). The group of officers has included representatives from the Governance Team, from Scrutiny, from Finance while views on relevant sections of the report have been sought from other specialist teams including Legal and HR. Internal Audit has attended the meetings of the Governance Group in the capacity of an observer. Following on from consideration by the Audit Committee this document will be taken to the Senior Alliance Management Team on the 10th June for its comments, before being brought back to the Audit Committee for final approval on the 24th June. The comments received, and in particular those of this committee will be considered before the final version of the Annual Governance Statement is published at the end of June 2013 alongside the Statement of Accounts. It is considered that these processes are appropriate for ensuring corporate ownership of the Governance Statement. The Draft Governance Statement for consideration by this Committee is attached as **Appendix 1**.
- 3.6 In addition to the Draft Annual Governance Statement itself **Appendix 3** is the Assurance Statement which is based upon a pro forma provided by the Finance Advisory Network which has been endorsed by CIPFA and the Audit Commission. This has been completed and considered alongside the Annual Governance Statement which it assures. The outcome of the completion of this pro forma indicates that the processes and procedures which are in place at Bolsover District Council are generally compliant with good practice. Whilst

the completion of the Assurance Statement remains a useful exercise in that it requires the Council to adopt a process of rigorous self assessment it does need to be recognised that the format of the Assurance Statement is now some 6 years and in future financial years it may be more appropriate to rely on other methods of self assessment. In order to address any issues which may arise from this document being outdated Officers have – as set out in Appendix 4 above – considered the relevance of the CIPFA FAN against the 2012 guidance. This has been undertaken by extracting from the revised Guidance a table which lists the key elements of the typical systems and processes that comprise an authority's governance arrangements. Officers have then assessed the CIPFA requirements against the practice at Bolsover District Council. Where appropriate we have referenced this document back to the FAN Assurance Statement. Taken together Appendices 3 and 4 should serve to enable a comprehensive assessment of the Council's governance arrangements to be undertaken.

- 3.7 While the evidence from the Assurance Statement set out in Appendix 3 and 4 indicates that appropriate procedures and processes are in place, it should be noted that there remain a number of significant issues of Corporate Governance. The issues that have been identified as a result of the work of external review (including external audit), internal audit, and the routine work of the Council's own officers are set out in the Key Issues of Financial Governance report which is a standing item on the agenda of the Audit Committee. The latest version of this report is provided elsewhere on this Agenda.
- 3.8 Finally, **Appendix 5** is the draft memo from this Committee (signed by the Chair) and the Chief Financial Officer to the Leader and Chief Executive which recommends that the Annual Governance Statement gives a true and fair view of the position within the authority, and that accordingly it would be reasonable for the Chief Executive and the Leader to sign the Statement off on behalf of the authority.

4 Issues for Consideration

- 4.1 That the Audit Committee consider the attached draft Annual Governance Statement, and make any comments on either the contents of the Governance Statement, the supporting documents, or the processes that have been used in order to arrive at the draft Annual Governance Statement.

5 Legal Aspects

- 5.1 The requirement to include an Annual Governance Statement within the Council's Statement of Accounts from the 2007/08 financial year onwards is set out within the Accounts and Audit Regulations and associated best practice. The processes outlined in the report should be sufficient to ensure that the Council's Governance Statement meets the requirements of both the relevant legislation and associated good practice.

6 Risk Management

- 6.1 Effective governance arrangements for local authorities are crucial if authorities are to meet the standards of accountability, integrity, consumer focus, democratic engagement and organisational effectiveness that are expected of them. The preparation of the Annual Governance Statement is one of the mechanisms that helps ensure that effective governance arrangements are in place. The gross impact of not having effective Governance arrangements in place would be significant with the CIPFA / SOLACE guidance taking the view that effective governance lies at the heart of a Council's managerial, performance and financial arrangements. The Governance Statement and associated Assurance Statement do, however, demonstrate that the Council has put in place a range of processes and procedures which taken together amount to a culture of effective governance. While there remain a number of significant individual issues that need to be addressed and resolved to improve the Council's Governance arrangements the overall framework is sound and provides an appropriate base from which the address the individual issues identified within this report.

7 Policy and Performance

- 7.1 Governance arrangements are designed to ensure that the Council's Policy and Performance frameworks are in place and operate effectively. As such this report and the Governance Statement provide a general health check on the Council's policy and performance arrangements.

8 Financial Implications

- 8.1 The cost of preparing the Governance Statement will be met from within existing approved budgets. As such there are no additional financial implications for the Council.

9 Equalities Issues / Human Resources Implications / Environmental Considerations

- 9.1 There are no direct implications, although the preparation of the Governance Statement will provide some high level assurances regarding the operation of current arrangements in these areas.

10 Crime and Disorder/ Community Safety Implications

- 10.1 There are no direct implications, although the preparation of the Governance Statement will provide some high level assurances regarding the operation of current arrangements in these areas.

11 Reasons for Recommendations

- 11.1 To enable the Audit Committee to assess the appropriateness of the draft Annual Governance Statement and to make recommendations concerning any amendments which they may require.

DRAFT GOVERNANCE STATEMENT

Scope of Responsibility

Bolsover District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Bolsover District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Bolsover District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

Bolsover District Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the authority's code is on our website at www.bolsover.gov.uk or can be obtained from the Council's Governance Team. This statement explains how Bolsover District Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2011, regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Bolsover District Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Bolsover District Council for the year ended 31 March 2013 and up to the date of approval of the Annual Report and Statement of Accounts.

The Governance Framework

The key components of the systems and processes that comprise the authority's governance arrangements include the following:

Bolsover District Council sets out its objectives within its Corporate Plan which is linked to both the Community Strategy and to a range of other Strategies and Plans.

Bolsover District Council has a formal constitution in place which sets out the roles and responsibilities of both Members and Senior Managers. The Constitution is available on the Council's website and is reviewed on an on-going basis. Policy and decision making is by means of an Executive Structure with Executive Member Portfolio holders. There are 3 Scrutiny Committees aligned to the Council's Corporate Plan Targets, together with a Budget Scrutiny Committee made up of all scrutiny members and an over arching Scrutiny Management Board. The Council also has both an Audit Committee which provides independent challenge and assurance regarding financial governance and risk management, and a Standards Committee which has responsibility for overseeing the operation of the Members Code of Conduct.

Bolsover District Council takes a number of steps to help ensure compliance with established policies, procedures, laws and regulations. There is a comprehensive corporate induction process, with a variety of awareness raising and training events being undertaken for both employees and Members. All staff have access to key policies and procedures which are readily accessible on the intranet. Formal Codes of Conduct are in operation for both Members and Officers. To support these high standards of openness and probity the Council has in place an effective complaints policy and procedures together with a whistleblowing policy.

The District Council has a Risk Management Strategy and associated framework in place, which is reviewed on a regular basis with independent assurance provided by the Audit Committee. The Council has embedded Risk Management by ensuring the provision of appropriate training, by regular reviews of the Strategic Risk Register, by incorporating the Service Risk Registers within the Service Planning process, and by requiring that all Committee Reports include a Risk assessment. The Risk Management Framework includes a quarterly reporting process which is integrated with our Performance and Financial management arrangements.

Bolsover District Council has a number of mechanisms in place for ensuring the economical, effective and efficient use of resources, and to ensure that we secure continuous improvement in the manner in which our functions are exercised in order to comply with the requirement to provide best value. Effective use of resources is ensured by a robust range of mechanisms including a range of consultation with local residents and other stakeholders, a well developed corporate and service planning process, by the careful consideration of service performance and development in order to ensure that our services are targeted at addressing priority requirements. Economy and Efficiency are ensured by good procurement practice, and by services which are responsive to customer requirements and operated in line with good practice.

A Scheme of Delegation sets out the powers of Senior Officers, while the Financial Regulations and Contract Procedure Rules are an integral part of the Constitution.

The performance against budget is monitored on a continuous basis with cost centre managers having access to the financial ledger, while the accountancy team provide monitoring reports on a monthly basis. The Council is moving to a position where its quarterly reporting process is delivered through quarterly meeting with all Directorates where Performance, Finance and Risk are considered. This approach is intended to ensure that any significant budget variances or performance issues are identified at the earliest opportunity. Formal monitoring reports are taken to Executive, with these reports then being forwarded to Budget Scrutiny and Audit Committees.

Performance Management is at the core of our managerial arrangements with quarterly reports on Corporate Plan Performance being provided to Executive. The Council monitors progress against a range of performance targets which incorporate both national and local priorities. Performance Targets together with key operational priorities are set out within the Corporate Performance Management Framework and supporting Service Plans. These in turn are linked to the Council's Corporate Plan and supporting Plans and Strategies to help ensure that our resources are utilised for the achievement of agreed priorities.

The District Council contributes to the delivery of the Community Strategy for our residents through the Corporate Plan and the range of associated Plans and Strategies. The Council updates its Service Planning Framework on a regular basis and reports publicly to ensure our residents are kept informed regarding progress on those issues which they view to be critical to the wellbeing of our community. Reports which are available to residents include those of all formal meetings and Scrutiny Papers which are available on the website, articles in the Council's newsletter 'In Touch' which is distributed three times a year, briefings to the local press and public consultation. Progress against the Council's key priorities is reported to Executive on a quarterly basis as part of the suite of Performance reports.

The arrangements for the provision of internal audit are set out within the Council's Financial Regulations which are part of the Council's Constitution. The Chief Financial Officer is responsible for ensuring that there is an adequate and effective system of internal control relating to both the Council's accounting and its other systems of internal control as required by the Accounts and Audit Regulations 2011. As required by the CIPFA Statement on the Role of the Chief Financial Officer in Local Government the Council's Chief Financial Officer is professionally qualified, reports directly to the Chief Executive and is a full member of the Corporate Management Team. The internal audit provision has from the 1st April 2007 been independently managed by the Head of the Internal Audit Consortium. This is an arrangement for the provision of Internal Audit on a consortium basis by Bolsover, Chesterfield and North East Derbyshire, with the service being hosted by Chesterfield Borough Council on behalf of the three authorities. The Internal Audit function operates in accordance with the CIPFA Code of Practice for Internal Audit in Local Government 2006, with the work undertaken being agreed within the Audit Plan. This Audit Plan is prepared by the Head of the Consortium and is prioritised in order to reflect the key internal controls, assessment and review on the basis of risk and the Council's corporate governance arrangements, including risk management. The Council operates its internal audit arrangements in line with the requirements set out within the CIPFA Statement on the Role of the Head of Internal Audit. Audit work involves reviews of the main financial systems, scheduled visits to Council establishments and fraud investigations. The annual work plan is discussed and

agreed with the Council's Section 151 officer, and with the Audit Committee. It is also shared with KPMG the Council's external auditor. This is part of a process of liaison intended to ensure that the work of internal and external audit is complementary and that duplication is avoided. The Internal Audit reports which arise out of the process include an assessment of the adequacy of internal control, and set out recommendations which are aimed to address those areas where potential for improvement has been identified. These are submitted to the relevant officers within the Council who are required to implement any accepted recommendations. The outcome of the process is reviewed by the Chief Financial Officer, by the Council's Corporate Management Team (SAMT) and by the Audit Committee.

The Council's review of the effectiveness of the system of internal control is informed by:

- There is a Constitution in place which provides a formal Governance framework, with decisions taken in an open and accountable fashion. Internally, those decisions are subject to Scrutiny, and the Council has an active Standards Committee;
- Assurances from the responsible Directors based on management and performance information, officer assurance statements, Scrutiny reports and the outcome of internal reviews including those looking at joint services.
- The work undertaken by the Internal Audit consortium during the course of the year;
- The work undertaken by the external auditor as reported in their Annual Audit and Inspection letter and in the Annual Governance Report;

The District Council, working with our local community and key partners has agreed a vision and core values which are supported by a range of 6 corporate aims which were set out within the Council's Corporate Plan for 2011 - 15 as follows:

- Community Safety - Ensuring that communities are safe and secure.
- Customer focussed services – Providing excellent customer focused services
- Environment - Promoting and enhancing a clean and sustainable environment;
- Regeneration - Developing healthy prosperous and sustainable communities;
- Social Inclusion - Promoting fairness equality and lifelong learning;
- Strategic Organisation Development - Continually improving our organisation;

These aims provide a focus for the development of partnership working, delivery of our services, and for planned improvements and rationalisation of the services which are currently provided. The emphasis on progressing these aims is illustrated by the fact that all reports to Committee set out which of the Corporate Aims they are seeking to promote, while the Council undertakes an ongoing review of its services through the service planning process and by the review processes which include Performance Management by Executive and the work of the Scrutiny function.

The Council's External Auditors KPMG restrict their comments to the Published Accounts and as to whether the Council provides Value for Money. KPMG replaced the Audit Commission as the Council's auditors in November 2012. The most recent review of the Council by external audit was provided by the Audit Commission – the Council's previous auditors - in its Annual Audit Letter relating to the 2012/13 Accounts. This letter which was reported to the Council meeting on 17 October 2012 gave an unqualified opinion in respect of the published accounts. However, the letter

also reported that the External Auditors had issued an adverse Value for Money conclusion which concluded that the Council had not made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

The adverse value for money conclusion issued by external audit at the close of the 2011/12 financial year was one element in a range of criticism of the Council's Governance arrangements. These issues were summarised in a critical Annual Governance Report 2011/12 issued in September 2012. During the 2011/12 financial year the Audit Commission also issued a very critical report concerning the governance of contracts. It needs to be recognised that both External and Internal Audit were very critical of aspects of the Council's management arrangements during 2011/12. While significant progress in improving the quality of the Council's Published Statement of Accounts was acknowledged the overall tone of the Annual Governance Report 2011/12 was critical with the External Auditor's concluding that:

- The Council could not demonstrate that it had adequate arrangements in place to secure value for money.
- Arrangements for the Governance of contracts were weak
- Financial control in the Council had fallen below the required standard in areas such as budgetary control
- Project Management arrangements were weak especially in respect of risk management and initial options appraisals
- The improvement that was required in the quality and timeliness of information used to measure performance against corporate target had only partially been achieved.

In addition to the criticisms of External Audit Internal Audit undertook some 28 separate audits reviewing internal control arrangements during 2011/12. Of these some 9 areas were judged to be marginal while 4 areas were unsatisfactory. On this basis almost 50% of the areas considered had internal control arrangements which fell below a desirable level.

Given the extent of the weaknesses identified during 2011/12 the Council has sought to address these areas in 2012/13. In view of the extent of the issues that were raised it could not have been expected that all of the issues identified would have been fully resolved in 2012/13. The Council is, however, of the view that significant progress has been secured in addressing these concerns. In particular our financial management and budgetary control arrangements are now robust and the Council is on target to secure a balanced budget in respect of 2012/13 despite commencing the year with a significant level of savings to be identified. We are in the process of embedding improved arrangements for managing finance, performance and risk, whilst significant progress has been made in resolving issues around the governance of contracts. The Audit Committee is playing an effective role in monitoring the governance arrangements of the Council with regular updates being provided concerning the position in respect of identified weaknesses, while the Budget Scrutiny Committee has helped ensure that Elected Members are fully informed of the Council's financial position.

While there is clear evidence that the Council has moved to address the weaknesses that have been identified internal audit reports during 2012/13 have continued to identify weaknesses in internal control in a number of areas. While there is evidence that the position has improved since 2011/12 of the 22 reports issued in 2012/13 ten

were judged to be marginal, with one judged to be unsatisfactory. On this basis some 50 % of the areas considered had internal control arrangements which fell below the desired level. It is, however, important to note that the assessments in respect of the core financial areas were all of an acceptable standard, the number of unsatisfactory conclusions reduced, while in a number of the areas evaluated as marginal it has proved relatively straightforward to put in place measures which mean that a satisfactory assessment would now be appropriate. The one remaining unsatisfactory report was that in respect of gas servicing. While the Audit report did identify some significant improvements in the arrangements for gas servicing it remains the case that not all of the gas servicing inspections met the legal requirement of being undertaken within the specified 12 months period. The Council has taken immediate steps to address this situation following on from the audit which was concluded in April 2013.

While further work is still required and the position in respect of internal control during 2012/13 remains far from satisfactory the Chief Financial Officer is of the view that the Council has made some significant progress in addressing its internal control arrangements during 2012/13 and that the overall internal control arrangements remain sufficiently robust for him to place reliance upon. There is, however, a clear requirement to ensure that the improvement drive is continued during 2013/14 so that the Council can have an appropriate level of confidence in its internal control arrangements.

Review of Effectiveness

Bolsover District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the head of internal audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The effectiveness of the Governance framework has been overseen by the Council's Audit Committee which has considered all of the key reports concerning the Council's Governance arrangements. It has requested that updates be brought to all meetings of the Committee regarding the progress in addressing the key areas of weakness that have been identified. The reports of External Audit are considered by full Council.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee that the arrangements whilst in need of further improvement continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined below.

Significant Governance Issues

The significant governance issues identified by the Council have already been covered in the sections above. They may, however, be summarised as follows:

At a Strategic Level the key issue for the Council is that as a result of the Comprehensive Spending Review of Autumn 2010 the underlying financial pressures on Council have increased significantly. In the local government financial settlement in respect of both 2011/12 and 2012/13 Bolsover District Council was one of the eight English Authorities which suffered the maximum grant loss. While in recognition of the scale of grant losses the Council has suffered it is eligible for both Transition and Efficiency grant it has been required to secure savings of £1.758m in respect of 2011/12, £0.975m for 2012/13, £0.884m for 2013/14 and £0.724m for 2014/15. In order to secure the necessary savings the Council will need to continue to reduce staffing numbers and to reorganise processes and procedures both of which have the potential to impact significantly on the Council and the services it provides. The Council is aware of these risks and is seeking to manage them appropriately. Given the scale of the efficiencies that are necessary the internal control environment, levels of performance and service delivery more generally continue to require careful monitoring during the course of the current financial year.

With effect from April 2011 the Council entered into a Strategic Alliance with a neighbouring authority North East Derbyshire District Council. Joint working arrangements have made significant progress and the two Council's now operate with a joint Management team down to third tier level. Joint Working is now operational within most services, although only Environmental Health is operating on the basis of a fully shared service. While one of the key reasons for entering into this partnership is to achieve the efficiency savings that both Council's need to secure arising out of the Comprehensive Spending Review of Autumn 2010, the Strategic Alliance is also seen as a key mechanism for managing the risks that both Council's will face as a result of the significant reduction in their funding resources.

In addition to the above strategic internal control issues there are a number of other more specific areas where the Council is currently marginal in terms of meeting the requirements of best practice. These issues are outlined below with all of the areas identified for improvement currently the subject of a Corporate Action Plan (including target dates), with progress against that Action Plan being reported as a standing item to the Council's Audit Committee.

1	The Annual Governance Letter from the External Auditors in respect of the 2011/12 Financial Accounts noted improvements in the presentation of the final accounts, although further work remained outstanding to secure accounts of the required standard. While the accounts were unqualified the Council did receive a qualified VFM conclusion. This was indicative of a range of wider failings in the culture of financial and performance management. These wider issues included budgetary	The Council has continued to work to improve its financial and performance management. Further improvements in accounting arrangements have been secured and financial management across the Council has been strengthened. Given the extent of the issues that have been identified while significant progress has been secured during 2012/13 further work will be necessary during 2013/14 in order to embed arrangements which are fit for purpose.
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	control, project management and the measuring / reporting of performance.	
2	<p>With respect to the work undertaken by both External and Internal Audit there continues to be a number of areas identified where the Council's internal control arrangements require improvement. External Audit work resulted in a critical report concerning the governance of contracts which was focussed on procurement arrangements applicable in both 2010/11 and 2011/12. With respect to the Internal Audit reviews undertaken during 2012/13 out of 22 audits 1 was classified as unsatisfactory and 10 as marginal. This followed on from the position in 2011/12 where 15 were assessed as satisfactory or better, 7 were marginal and 4 unsatisfactory. This indicates that the Council needs to address a wide range of underlying issues in order to secure satisfactory arrangements for financial governance.</p>	<p>Again the Council has continued during 2012/13 to address the issues that have been identified. While the outcome of the work of Internal Audit continues to identify a significant range of internal control issues across the authority, there has been a steady trend of improvement which if maintained will result in a more favorable assessment from Internal Audit during 2013/14. While the Council has addressed its financial and performance management culture during 2012/13 the improvements have not yet been embedded and it is important that the Council maintains its pro-active stance in addressing the issues that have been identified. This pro-active approach to internal control is particularly important given that the on-going requirement to secure financial savings means that our internal control arrangements remain subject to changes arising from wider organisational restructuring.</p>
3	<p>Whilst the Council's budget is balanced over the period of the Medium Term Financial Plan it should be noted that the budget is balanced on the basis that significant efficiency savings will be secured during the period of that Plan. If these efficiencies are not secured then the Council will be forced to reduce expenditure in a relatively uncontrolled fashion which will impact upon the quality of services to local residents, and potentially on the internal control environment.</p>	<p>In setting its Medium Term Financial Plan the Council agreed a range of measures to deliver the efficiency gains necessary to operate within the underlying level of resources available to the Council. Achievement of these measures is monitored on a regular basis by Executive. While appropriate steps have been taken it needs to be recognized that the efficiency targets are challenging and will require further reductions in staff numbers and budgets.</p>
4	<p>In addition to the Council's financial position being</p>	<p>The Council is taking appropriate action to bring our underlying level of</p>

	challenged our level of balances on the General Fund and Capital Programme remain at what the Medium Term Financial Plan has indicated is a minimum level.	expenditure back into line with the underlying level of resources. This work will need to continue during 2013/14 and over the period of the current Medium Term Financial Plan. Managing within agreed budgets will enable the Council to continue the process of increasing its financial balances so that they are in excess of minimum levels.
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We propose over the coming year to take steps to address the above matters to ensure that our governance arrangements are robust. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

Eion Watts
Leader of the Council

Wes Lumley
Chief Executive

CODE OF CORPORATE GOVERNANCE

BOLSOVER DISTRICT COUNCIL

LOCAL CODE OF CORPORATE GOVERNANCE

EXECUTIVE SUMMARY

Governance comprises systems and processes for the direction and control of local authorities through which they account to, engage with, and lead their communities. In other words, it is about how local authorities ensure that they are doing the right things, in the right way, for local people in a timely, inclusive, open, honest and accountable manner.

This Local Code of Corporate Governance has been developed to ensure that Bolsover District Council has, and will continue to have, exemplary standards of governance which comply with best practice.

The first part of this document sets out the background to the Code following the publication of the revised Delivering Good Governance Framework issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Council Chief Executives and Senior Managers (SOLACE) in 2012.

The CIPFA/SOLACE Framework identified six principles of good corporate governance:

- (i) Focusing on the purpose of the Authority and on outcomes for the community including citizens and service users and creating and implementing a vision for the local area;
- (ii) Members and officers working together to achieve a common purpose with clearly defined functions and roles;
- (iii) Promoting the values of the Authority and demonstrating the values of good governance through behaviour;
- (iv) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- (v) Developing the capacity and capability of Members to be effective and ensuring that officers (including statutory officers) also have the capability to deliver effectively;
- (vi) Engaging with local people and other stakeholders to ensure robust local public accountability.

In the second part of this document, the Council's progress against each of these principles and their supporting framework is tracked and documented. This second section is largely based on the information used to develop the Council's Annual Governance Statement.

Progress against the principles set out in this Code will be monitored and reviewed on an on-going basis, with a formal report brought before Members at least annually.

INTRODUCTION

1 Background

- 1.1 In 2001, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Council Chief Executives and Senior Managers (SOLACE), together with the support of a number of other key organisations, formed a working party with the aim of drawing together the key principles of corporate governance into a single framework for use in local government.
- 1.2 This followed the work by Lord Cadbury into good governance and Lord Nolan into standards in public life, as well as primary legislation, and culminated in the publication of a governance framework entitled *Corporate Governance in Local Government: A Keystone for Community Governance*.
- 1.3 This Framework recommended that local authorities review their existing governance arrangements against a number of key principles and report annually on their effectiveness in practice. Through the adoption and development of the Framework, authorities were encouraged to meet the standards of the best.
- 1.4 Since the Framework was published, local government has undergone a number of changes designed to improve local accountability and engagement in local government. This has included on-going changes to democratic structures and the ethical framework.
- 1.5 To meet these challenges, the CIPFA and SOLACE Working Party was reformed and the original Framework was revised. The revised Framework builds on the governance work in both the public and private sectors and, in particular, the principles set out in *Delivering Good Governance in Local Government* publication.
- 1.6 In order to achieve good governance, the revised Framework recommends that each local authority should be able to demonstrate that they are complying with the principles contained within the Framework. This should be done through the development and maintenance of a local code of corporate governance.
- 1.7 This document has been developed to ensure that Bolsover District Council has, and continues to have, exemplary standards of governance which comply with the principles set out in the CIPFA/SOLACE Framework.

2 What Do We Mean By Governance?

- 2.1 The Council has adopted the CIPFA/SOLACE Framework's definition of corporate governance:

Governance comprises systems and processes for the direction and control of local authorities through which they account to, engage with, and lead their communities.

In other words, it is about how local authorities ensure that they are doing the right things, in the right way, for the people in a timely, inclusive, open, honest and accountable manner.

2.2 Good governance leads to good management, good performance, proper stewardship of public money, effective public engagement and, ultimately, good outcomes for residents and service users. Good governance enables councils to pursue their vision effectively as well as underpinning that vision with mechanisms for control and management of risk.

3 The Six Principles

3.1 The CIPFA/SOLACE Framework defined six core principles of good governance. These involve:

- (i) Focusing on the purpose of the Authority and on outcomes for the community including citizens and service users and creating and implementing a vision for the local area;
- (ii) Members and officers working together to achieve a common purpose with clearly defined functions and roles;
- (iii) Promoting the values of the Authority and demonstrating the values of good governance through behaviour;
- (iv) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- (v) Developing the capacity and capability of Members to be effective and ensuring that officers (including statutory officers) also have the capability to deliver effectively;
- (vi) Engaging with local people and other stakeholders to ensure robust local public accountability.

3.2 Bolsover District Council is committed to these six principles of good governance. Pages 6 – 24 of this Code set out how the Council complies with them to ensure good standards of governance.

4 Monitoring and Review

4.1 The Council will undertake an annual review of its governance arrangements to ensure that they are adequate and operating effectively in accordance with best practice. Where gaps are identified, action will be planned and undertaken to ensure improvement in future governance arrangements. The findings of this annual review will be presented to the Council's Audit Committee.

4.2 The Council will also prepare an Annual Governance Statement that will be submitted to the Audit Committee for consideration. This Annual Governance Statement will include:

- (i) Identified Councillors and key officers who have responsibility for ensuring that there is good governance including internal control mechanisms;
- (ii) The systems and processes in place to provide good governance and how these are checked and tested;
- (iii) The key elements of the corporate governance arrangements;
- (iv) The process for maintaining and reviewing the effectiveness of governance arrangements;
- (v) Actions taken or actions planned to address significant governance issues;
- (vi) A clear summary of the resources needed to support the corporate governance arrangements.

Having been first considered by the Audit Committee this statement will be signed on behalf of the Council by the Leader of the Council and the Chief Executive.

Councillor Eion Watts
Leader of the Council

Wes Lumley
Chief Executive

Date:

HOW THE COUNCIL MEETS THE SIX PRINCIPLES

Principle 1

Focusing on the purpose of the Authority and on outcomes for the community including citizens and service users and creating and implementing a vision for the local area.

The function of governance is to ensure that authorities, other local government organisations or connected partnerships fulfil their purpose and achieve their intended outcomes for citizens and service users and operate in an effective, efficient, economic and ethical manner. This concept should guide all governance activity.

Local government bodies need to develop and articulate a clear vision of their purpose and intended outcomes for citizens and service users that is clearly communicated, both within the organisation and to external stakeholders.

Supporting Principles

- Exercising strategic leadership by developing and clearly communicating the authority's purpose and vision and its intended outcomes for citizens and service users;
- Ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning;
- Ensuring that the authority makes best use of resources and that tax payers and service users receive excellent value for money.

The local code should reflect the requirement for local authorities to:

1.1 Develop and promote the authority's purpose and vision.

Position at BDC: This Code is based upon a clear community focus as set out in the Community Strategy and Corporate Plan which sets out the links between community engagement, service planning and delivery, and the maintenance of appropriate standards of conduct.

1.2 Review on a regular basis the authority's vision for the local area and its impact on the authority's governance arrangements.

Position at BDC: The Council keeps its vision for the local area under regular review as part of the development of the Corporate Plan and the service planning process. This Code and its impact is formally reviewed and reported on at least an annual basis, but given the links between the Code and other areas of the Council's operations that review in reality is undertaken on an on-going basis.

1.3 Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all parties.

Position at BDC: The Council has a proactive partnership team who ensure that the Council's values and those of key partners are shared.

1.4 Publish an annual report on a timely basis to communicate the authority's activities and achievements, its financial position and performance.

Position at BDC: The Council publishes Annual Accounts and an Annual Report. These documents and a range of supporting evidence are available on the website. In addition the Council newspaper 'The News' is circulated to all residents three times a year. The Corporate Plan is supported by detailed service plans which establish the Council's objectives and performance targets.

1.5 Decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available.

Position at BDC: The Authority's strategies and plans all contain performance targets and action plans that provide a SMART framework against which progress can be evaluated. In particular, the Performance Framework is designed to ensure that key indicators of progress are monitored and reported on at least on a quarterly basis. The information obtained from monitoring against internal targets is supported by information gathered from residents and other stakeholders from a variety of sources in order to ensure that we have a rounded picture of the public's view of the services provided.

1.6 Put in place effective arrangements to identify and deal with failure in service delivery.

Position at BDC: The Council has in place a number of methods for measuring resident / stakeholder satisfaction including resident surveys and the Citizen's Panel. The Compliments, Comments and Complaints procedure monitors issues of concern for service users and results in reports to both SAMT and Executive enabling informed corrective action to be taken.

1.7 Decide how value for money is to be measured and make sure that the authority or partnership has the information needed to review value for money and performance effectively. Measure the environmental impact of policies, plans and decisions.

Position at BDC: Value for Money criteria are effectively established by the Council's performance targets, which are reviewed and established on an annual basis and set out in Service Plans. These are reviewed on an on-going basis including quarterly reports to Members. The Council is working to reduce both its own carbon footprint and that of the wider district.

Principle 2

Members and officers working together to achieve a common purpose with clearly defined functions and roles

The governing body of an organisation has overall responsibility for directing and controlling that organisation. In local government the governing body is the full council.

Supporting Principles

- Ensuring effective leadership throughout the authority and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny functions;
- Ensuring that a constructive working relationship exists between authority members and officers and that the responsibilities of authority members and officers are carried out to a high standard;
- Ensuring relationships between the authority and the public are clear so that each knows what to expect of the other.

The local code should reflect the requirement for local authorities to:

2.1 Set out a clear statement of the respective roles and responsibilities of the executive and of the executive's members individually and the authority's approach towards putting this into practice.

Position at BDC: This is set out in the Council's Constitution. All Committee meetings are formally minuted and minutes formally approved.

2.2 Set out a clear statement of the respective roles and responsibilities of other authority members, members generally and of senior officers.

Position at BDC: The roles and responsibilities of Members and senior officers are set out in the Constitution, being further supported by the Member and Officer protocols and for officers by job descriptions and contractual terms.

2.3 Determine a scheme of delegation and reserve powers within the Constitution, including a formal schedule of those matters specifically reserved for collective decision of the authority taking account of relevant legislation and ensure that it is monitored and updated when required.

Position at BDC: The Constitution incorporates a scheme of delegation, and sets out the roles, powers and limits upon the power of individual officers and Members. The Constitution – which was recently revised with external support – reflects best practice, including an appropriate approach to the Council's statutory duties and powers.

2.4 Make a chief executive or equivalent responsible and accountable to the authority for all aspects of operational management.

Position at BDC: The Chief Executive is the Head of Paid Service and that role together with the associated job description makes him the responsible officer for the effective discharge of the Council's operational issues. In discharging these duties the Chief Executive is supported by the Council's wider managerial arrangements and by the performance management framework.

2.5 Develop protocols to ensure that the leader and chief executive (or equivalent) negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained.

Position at BDC: Regular meetings are held between the Council's Leader and the Chief Executive. These are part of a broader framework of appraising the performance of the Chief Executive.

2.6 Make a senior officer (usually the section 151 officer) responsible to the Authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.

Position at BDC: The Director of Corporate Resources has been designated as the Council's S151 officer responsible for the sound financial administration of the authority. The duties are incorporated within the job descriptions of the Director of Corporate Resources.

2.7 Make a senior officer (other than the Responsible Financial Officer) responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.

Position at BDC: The Assistant Director – Monitoring Officer and Governance is the Council's Monitoring Officer, with the Legal and Standards Officer being the Deputy. Roles and responsibilities are set out in the job description / person specification.

2.8 Develop protocols to ensure effective communication between members and officers in their respective roles.

Position at BDC: Protocols are in place setting out the roles and responsibilities of Members and officers (these support the powers established under the Constitution). These protocols are supported by a range of working arrangements, which help to ensure that the underlying relationships are constructive and support the effective working and development of the Council.

2.9 Set out the terms and conditions for remuneration of members and officers and an effective structure for managing the process including an effective remuneration panel (if applicable).

Position at BDC: Under the move to a Strategic Alliance the Council has adopted the pay scales of North East Derbyshire as the appropriate pay scale for senior officers. These pay scales were determined by a panel in the light of external advice. Details are available on the website. There is an annual report on pay and conditions which

is reported to Council. The Members allowances / remuneration scheme is considered through appropriate good practice processes and procedures, and is publicised on the website. Members allowances were reviewed in 2011 by an independent panel and full details are set out on the Council's website and in the Constitution.

2.10 Ensure that effective mechanisms exist to monitor service delivery.

Position at BDC: The Council has in place a Performance Management Framework and a complaints framework which in conjunction enable the effective monitoring of service delivery.

2.11 Ensure that the organisation's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated.

Position at BDC: The development of the Council's Corporate Plan is an on going process of publicity, followed by consideration of next year's Plan. Key consultees include an internal audience of Members, officers and employees. External consultees include parish councils, the LSP, and the full range of other statutory agencies. Residents' views are sought through local Members, via the use of surveys, the Citizens Forum, focus groups, public meetings and via complaints, compliments, comments and other communication with the Council and its officers (in particular contact between service providers and the public).

2.12 When working in partnership ensure that members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the authority.

Position at BDC: Within each significant partnership there are formal constitutions and governance arrangements in place, which set out objectives, roles and responsibilities, and the constitution/governance arrangements of the partnership. These are supported by either business or project plans, which detail funding support and managerial arrangements. The Council has a Partnership Team in place who provide support for our other partnership arrangements.

2.13 When working in partnership:

- **Ensure that there is clarity about the legal status of the partnership;**
- **Ensure that representatives or organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions.**

Position at BDC: For any significant partnerships the Council gives appropriate consideration to the issues before entering into the partnership. The legal status in particular would be subject to appropriate review. One of the criteria that would be considered before entering into a partnership would be its consistency with the principles of accountability and governance, which the Council applies to its own internal arrangements.

Principle 3

Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

Good governance flows from a shared ethos or culture, as well as from systems and structures. It cannot be reduced to a set of rules, or achieved fully by compliance with a set of requirements. This spirit or ethos of good governance can be expressed as values and demonstrated in behaviour.

Good governance builds on the seven principles for the conduct of people in public life that were established by the Committee on Standards in Public Life, known as the Nolan principles. In England, the Local Government Act 2000 outlined ten principles of conduct – an additional three to those identified by Nolan – for use in local government bodies. The seven Nolan principles are included in the guidance notes accompanying this Framework.

A hallmark of good governance is the development of shared values, which become part of the organisation's culture, underpinning policy and behaviour throughout the organisation, from the governing body to all staff. These are in addition to compliance with legal requirements on, for example, equal opportunities and anti-discrimination.

Supporting Principles

- Ensuring authority members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance;
- Ensuring that organisational values are put into practice and are effective.

The local code should reflect the requirement for local authorities to:

3.1 Ensure that the authority's leadership sets a tone for the organisation by creating a climate of openness, support and respect.

Position at BDC: The Council's Constitution and its values clearly establish an overriding requirement that our actions are characterised by openness and accountability. The Monitoring Officer decides which reports meet the legal / good practice criteria before they are deemed to be confidential or exempt. All decisions are minuted, and reports are available online, or alternatively may be obtained as a hard copy.

3.2 Ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the authority, its partners and the community are defined and communicated through codes of conduct and protocols.

Position at BDC: The Constitution, the Member and Officer Code of Conduct, the Whistleblowing Anti-Fraud Strategy, and a variety of other mechanisms all work together to provide an operational framework, which sets out clear expectations and standards regarding what constitutes acceptable behaviour. All policies are

effectively communicated to Members, officers and employees including availability on the website.

3.3 Put in place arrangements to ensure that members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice.

Position at BDC: The Constitution and codes of conduct all set out clear expectations and requirements of Members and officers. Where an interest exists it is made clear that individuals have a responsibility to declare this, and that they must not participate in any way that might influence the decision making process.

While the key emphasis is rightly upon informed openness by individuals, the Council has a well-publicised whistle-blowing policy which would enable others to bring to the attention of the Authority potential conflicts of interest for investigation.

3.4 Develop and maintain shared values including leadership values both for the organisation and staff reflecting public expectations and communicate these with members, staff, the community and partners.

Position at BDC: See the codes of conduct, but also the statement of values set out in documents such as the Corporate Governance Policy and the Anti-Fraud Strategy which give a clear commitment to openness, honesty and integrity.

3.5 Put in place arrangements to ensure that procedures and operations are designed in conformity with appropriate ethical standards and monitor their continuing effectiveness in practice.

Position at BDC: Constitution and codes of conduct. Appropriate awareness raising training is provided to Members/officers, and both are reminded of the Code of Conduct at the outset of all Council meetings.

3.6 Develop and maintain an effective standards committee.

Position at BDC: A Standards Committee is in place which has appropriate terms of reference, membership and which meets on a regular basis. The Committee's minutes are reported to Council, and under the Constitution it has a direct right of report to Council.

3.7 Use the organisation's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the Authority.

Position at BDC: The Council has clear shared values set out in the Corporate Plan. All reports to Committee are agreed by the Senior Alliance Management Team, and they are responsible for ensuring that the reports are in line with the Council's values. Reports are then agreed by Members who determine the Council's values. Members are given appropriate training to enable to establish and uphold appropriate values.

3.8 In pursuing the vision of a partnership, agree a set of values against which decision making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively.

Position at BDC: The Council's representatives on partnerships are required to reflect and champion the Council's values within those partnerships, and the partnerships' constitution must be compatible with the Council's values for the Council to be involved.

Principle 4

Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

Decision making within a good governance framework is complex and challenging. It must further the organisation's purpose and strategic direction and be robust in the medium and longer terms. To make such decisions, authority members must be well informed.

Members making decisions need the support of appropriate systems, to help to ensure that decisions are implemented and that resources are used legally and efficiently.

Risk management is important to the successful delivery of public services. An effective risk management system identifies and assesses risks, decides on appropriate responses and then provides assurance that the chosen responses are effective.

Supporting Principles

- Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny;
- Having good-quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs;
- Ensuring that an effective risk management system is in place;
- Using legal powers to the full benefit of the citizens and communities in the area.

The local code should reflect the requirement for local authorities to:

4.1 Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the organisation's performance overall and of any organisation for which it is responsible.

Position at BDC: The functioning of Scrutiny is well established and operating effectively supported by a separate team of officers. These arrangements and the effective engagement of other Members and Officers of the Council help ensure that Scrutiny's analysis and recommendation are supported by robust evidence, data and critical analysis.

4.2 Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.

Position at BDC: Decision making protocols and powers are set out in the Council's Constitution. These also establish what record of the decision needs to be maintained. For Executive reports the quality assurance process is the Strategic Alliance Management Team, while for Delegated Decisions the originating officer and the responsible Director need to ensure that the decision has been appropriately taken, and that appropriate advice has been taken and consultation made. All decision making committees are appropriately minuted setting out the criteria, rationale and considerations on which decisions are based.

4.3 Put in place arrangements to safeguard members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice.

Position at BDC: There is a Member and Officer Code of Conduct which requires all interests to be declared, and to ensure that the individual involved does not play a role in the decision making process where there is a potential conflict of interest.

All gifts and hospitality are required to be officially recorded, and the Council's Constitution includes Financial Regulations and Contract Procedure Rules which establish what constitutes acceptable behaviour in respect of the letting of contracts. All members and senior officers are required to complete a Related Party Transaction declaration at the end of each financial year.

4.4 Develop and maintain an effective audit committee (or equivalent) which is independent or make other appropriate arrangements for the discharge of the functions of such a committee.

Position at BDC: An Audit Committee is well established. Its terms of reference are in line with CIPFA / SOLACE requirements. Appropriate training is given to those Members on the Committee.

4.5 Put in place effective, transparent and accessible arrangements for dealing with complaints.

Position at BDC: The Council has a written complaints procedure in place, which is monitored and reported to Senior Alliance Management Team and Executive on a regular basis. The Council endeavours to ensure that service users are made aware of their rights under the complaints procedure, and where appropriate are able to refer issues or complaints to external adjudicators.

4.6 Ensure that those making decisions whether for the authority or partnership are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications.

Position at BDC: A comprehensive induction process is provided following the District Council elections, and this is supported by on going training / awareness programmes during the course of the year. Members are able to agree Personal

Development Plans which identify training needs, and there is a comprehensive Member Development Programme. All reports to Executive / Council are cleared by the Council's SAMT. Reports to Scrutiny and other Committees are cleared by an appropriate Senior Officer of the Council.

4.7 Ensure that professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately.

Position at BDC: All reports include a section detailing legal and financial implications. These are agreed by SAMT, the Monitoring Officer and the CFO who take a view on the adequacy of the professional advice that has been provided. All reports are processed and despatched in accordance with an agreed timetable, unless there are exceptional circumstances which require a late report to be considered.

4.8 Ensure that risk management is embedded into the culture of the organisation with members and managers at all levels recognising that risk management is part of their job.

Position at BDC: The Council has a well established Risk Management Framework and a range of training arrangements. Risk Management has a high profile within the authority, with job descriptions reflecting the requirements to manage risk, all formal reports having a Risk Management section and all major projects covered by a Risk Register.

4.9 Ensure that arrangements are in place for whistle-blowing to which staff and all those contracting with the authority have access.

Position at BDC: The Council has a well established whistle-blowing policy available in the Employee Handbook and on the intranet. It is covered in the induction arrangements and is publicised on a regular basis. The policy has been effectively utilised by officers which demonstrates both an awareness of and a confidence in the policy.

4.10 Actively recognise the limits of lawful activity placed on them by, for example, the ultra vires doctrine but also strive to utilise powers to the full benefit of their communities.

Position at BDC: All officers are appropriately selected and trained to undertake their duties as set out in their job description which includes an awareness of the prevailing statutory framework. This is supported by the Council's Constitution, and by the Monitoring Officer, legal team, internal audit and other challenge arrangements which would help to identify any activity which falls outside of the Council's powers. For new initiatives the quality assurance process for reports should ensure that activities outside our powers are identified prior to implementation.

4.11 Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on local authorities by public law.

Position at BDC: As in 4.10.

4.12 Observe all specific legislative requirements placed upon them, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law – rationality, legality and natural justice into their procedures and decision making processes.

Position at BDC: As in 4.10.

Principle 5

Developing the capacity and capability of members and officers to be effective.

Effective local government relies on public confidence in authority members, whether elected or appointed, and in officers. Good governance strengthens credibility and confidence in our public services.

Authorities need people with the right skills to direct and control them effectively. Governance roles and responsibilities are challenging and demanding, and authority members need the right skills for their roles. In addition, governance is strengthened by the participation of people with many types of knowledge and experience.

Good governance means drawing on the largest possible pool of potential members to recruit people with the necessary skills. Encouraging a wide range of people to stand for election or apply for appointed positions will develop a membership that has a greater range of experience and knowledge. It will also help to increase the diversity of authority members in terms of age, ethnic background, social class, life experiences, gender and disability. This concept should also be borne in mind when members are appointed to the boards of other public service organisations.

Supporting Principles

- Making sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles;
- Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group;
- Encouraging new talent for membership of the authority so that best use can be made of individuals' skills and resources in balancing continuity and renewal.

The local code should reflect the requirement for local authorities to:

5.1 Provide induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis.

Position at BDC: Human Resources have developed a standard corporate induction process for all new members of staff, while at a service level induction is required to cover any service specific induction issues. The appraisal process identifies any training needs, and develops a plan to deliver these which is monitored on an

ongoing basis. The person specification should ensure that only appropriately qualified individuals are appointed in the first place. A range of corporate awareness training is also provided to managers by means of managers' meetings, Core Brief and other mechanisms. For Members an induction process is provided after District Council elections, Members undergo an appraisal process which identifies individual needs and a range of corporate training/awareness is undertaken on an ongoing basis.

5.2 Ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the organisation.

Position at BDC: The job description/person specification is intended to ensure that only appropriately qualified and experienced individuals are short listed for these positions. The appointments process ensures that a competitive process is in place, which has attracted candidates with the appropriate range of personal attributes and skills. The Council's statutory officers are professionally qualified and are aware of their professional responsibilities regarding the management of the Council, and of the powers which are available to them to ensure that they have the appropriate level of resources to enable them to discharge those responsibilities effectively. The Strategic Alliance Management Team which takes the key decisions regarding which reports should go before committee includes the main statutory officers of the Council, and the role of these officers is well understood across the organisation. Furthermore, the process for agreeing reports and for taking major decisions is designed so that these officers are actively involved in these processes to ensure that the organisation is appropriately managed.

5.3 Assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively.

Position at BDC: Employees are subject to an appraisal supplemented by 1 to 1's which incorporates an assessment of performance and training requirements. These are developed into a corporate training plan. Members are provided with appropriate training although measures are being considered to provide a more systematic Member Development Programme.

5.4 Develop skills on a continuing basis to improve performance including the ability to scrutinise and challenge and to recognise when outside expert advice is needed.

Position at BDC: See 5.3.

5.5 Ensure that effective arrangements are in place for reviewing the performance of the authority as a whole and of individual members and agreeing an action plan which might for example aim to address any training or development needs.

Position at BDC: The Council's Corporate Plan together with related strategies and plans set out clear actions and targets against which progress can be monitored. In addition there are a range of key performance indicators and other performance

targets covering all relevant services, which are monitored on a quarterly basis. The Council also encourages external review where appropriate.

5.6 Ensure that effective arrangements designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority.

Position at BDC: The Council has developed a range of mechanisms for consultation. We have a range of forums for engaging with our citizens including Public Meetings, Tenants Panel, and considering individual compliments, comments and complaints in order to consider whether there are underlying general trends. In addition to consultation the Council also actively encourages engagement by members of the Community in the Council's activities.

5.7 Ensure that career structures are in place for members and officers to encourage participation and development.

Position at BDC: The Council's structures with a well developed Executive and Scrutiny system offer a good range of opportunities for all Members to participate at a range of levels in the Council's managerial and Governance arrangements.

Principle 6

Engaging with local people and other stakeholders to ensure robust public accountability.

Local government is accountable in a number of ways. Elected local authority members are democratically accountable to their local area and this gives a clear leadership role in building sustainable communities. All members must account to their communities for the decisions they have taken and the rationale behind those decisions. All authorities are subject to external review through external audit of their financial statements.

They are required to publish their financial statements and are encouraged to prepare an annual report. Many are subject to national standards and targets. Their budgets are effectively subject to significant influence and overview by Government, which has powers to intervene. Both members and officers are subject to codes of conduct. Additionally, where maladministration may have occurred, an aggrieved person may appeal either through their local councillor or directly to the ombudsman.

Supporting Principles

- Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships;
- Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the authority, in partnership or by commissioning;
- Making best use of human resources by taking an active and planned approach to meet responsibility to staff.

The local code should reflect the requirement for local authorities to:

6.1 Make clear to themselves, all staff and the community, to whom they are accountable and for what.

Position at BDC: This Code sets out clear links between the Council and the community, and sets out the requirement of the Council to be accountable, to display integrity, openness and inclusivity in our activity.

6.2 Consider those stakeholder bodies to whom the organisation is accountable and assess the effectiveness of the relationships and any changes required.

Position at BDC: The Corporate Plan, the Medium Term Financial Plan and our Directorate Service Plans give structured consideration to the views of the Council's key stakeholders.

6.3 Produce an annual report on scrutiny function activity.

Position at BDC: An annual report is provided to full Council concerning the performance of the scrutiny function.

6.4 Ensure that clear channels of communication are in place with all sections of the community and other stakeholders including monitoring arrangements to ensure that they operate effectively.

Position at BDC: The Council has a clear Communications Strategy in place utilising the website, the In Touch newspaper which is distributed to all residents, publicity material at reception, and articles in the local newspaper. These mechanism also incorporate questions designed to secure feedback on the effectiveness of the various approaches utilised.

6.5 Hold meetings in public unless there are good reasons for confidentiality.

Position at BDC: All meetings are held in public, and reports and decisions are available on the Internet or in hard copy upon request. All confidential / exempt items are agreed by the Monitoring Officer in order to ensure that they meet with the statutory definition of items which can be regarded as being confidential / exempt.

6.6 Ensure arrangements are in place to enable the authority to engage with all sections of the community effectively. These arrangements should recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands.

Position at BDC: See Communications Strategy. The Council has in place a wide range of engagement mechanisms including public meetings, web based consultation, and engaging with difficult to reach groups including young people. This is supported by targeted surveys, questionnaires and focus groups. The Council has achieved the Achieving Level in respect of equalities which demonstrates that the Council has appropriate procedures in place and has used these to achieve good outcomes in terms of engaging all sections of our community.

6.7 Establish a clear policy on the types of issues they will meaningfully consult on or engage with the public and service users, including a feedback mechanism for those consultees to demonstrate what has changed as a result.

Position at BDC: See 6.6.

6.8 On an annual basis, publish a performance plan giving information on the authority's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users in the previous period.

Position at BDC: The Annual Report that covers performance issues is contained within the Council's Corporate Plan. Annual financial statements which cover the outturn position are provided within the Annual Statement of Accounts with more detailed reports being provided to committee and made available on the Council's website. While the Service Plans are essentially forward looking documents the objectives and aspirations which they incorporate are based upon previous year's trends, and contain both details about, and analysis of, previous performance.

6.9 Ensure that the authority as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.

Position at BDC: The Council's Constitution and its overall ethos as set out in the Corporate Plan make it clear that it has mechanisms and processes in place which facilitate openness and transparency. The Communication and Engagement Strategies as set out in the previous section have been explicitly developed in order to achieve these objectives.

6.10 Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making.

Position at BDC: The Constitution and the Council Corporate Plan and supporting documentation and strategies incorporate a clear role for our employees in the development and delivery of our plans. A formal consultation mechanism is in place in the form of the UECC (Union and Employee Consultation Committee) which involves Members, senior officers and trade union representatives. In addition, all employees are involved in the service planning process, have team meetings, attend staff roadshows, and a variety of other forms exist for staff suggestions.

**BOLSOVER DISTRICT COUNCIL :
ASSURANCE STATEMENT PREPARED IN SUPPORT OF THE 2012/13 ANNUAL GOVERNANCE STATEMENT**

Note:

The following table is based upon a model approach outlined in the Publication “A Rough Guide to the Annual Governance Statement” provided by CIPFA’s Finance Advisory Network (FAN).

Column A – Gives details of the type and range of assurances which the FAN Guidance specifies.

Column B - Gives information regarding the practices and policies in place at BDC which provide the relevant assurance.

Column C – Provides information about the type of evidence which FAN would consider appropriate to demonstrating that the assurance set out in Column A has been met. This can be compared against the evidence presented in Column B in respect of the Position at BDC in order to assist in evaluating whether BDC is fully compliant.

Suggested examples of assurance and evidence in support of the authority’s annual governance statement.

Objective 1: Establishing principal statutory obligations and organisational objectives:

Step 1: In support of objective 1 – Mechanism established to identify principal statutory obligations		
Examples of assurance: (A)	Position at BDC: (B)	Type of Evidence suggested by FAN: (C)
1. Responsibilities for statutory obligations are formally established	<ul style="list-style-type: none"> • The Council has a constitution which sets out a clear governance framework, covering the powers, roles and responsibilities of Members, Committees and Officers. The Constitution is revised on an on going basis and is available on line to both internal and external users. This covers the roles and responsibilities of key officers. • Appropriate minutes / records are kept of all delegations / delegated decisions. • The Council has a staff establishment which can only be amended with formal Committee approval, this is supported by structure charts with job descriptions for all officers. 	<ul style="list-style-type: none"> • Documents (e.g. constitution) recording individual officer and member responsibilities • Minutes of delegations to officers and committees • Committee terms of reference • Job descriptions of key officers • Structure charts • Member/officer protocols

	<ul style="list-style-type: none"> • Protocols are in place covering what is expected of both officers and Members. These are distributed in hard copy, are available on the intranet, and appropriate awareness sessions are undertaken to ensure that individuals are aware of their responsibilities. 	
Examples of assurance: (A)	Position at BDC: (B)	Type of Evidence suggested by FAN: (C)
2. Record held of statutory obligations	<ul style="list-style-type: none"> • The Council subscribes to a number of relevant publications and is a member of EM Lawshare which provides both training and updates on recent developments. All solicitors are professionally required to participate in CPD. • The Council's legal team is adequately resourced and qualified to advise on statutory obligations. • Professionally / appropriately qualified officers are employed in all sections of the Council, with training needs identified under the appraisal system. These officers advise the Council regarding its statutory obligations. 	<ul style="list-style-type: none"> • Accessible record of statutory obligations (e.g. central registry or legal library, intranet)
3. Effective procedures to identify, evaluate, communicate, implement, comply with and monitor legislative change exist and are used	<ul style="list-style-type: none"> • The Council ensures that appropriately qualified and experienced officers are in place for all key jobs. Their roles and responsibilities are assessed against up to date and relevant job descriptions and person specifications. Performance is evaluated on an on going basis by the Appraisal process, by 1 to 1's and by the monitoring of complaints received by the Council. • All professional sections of the Council employ appropriately qualified staff who are encouraged to take responsibility for their own professional development by CPD. Staff are encouraged to 	<ul style="list-style-type: none"> • Review of established processes in place • Appointment of suitably qualified and experienced employees, selected against accurate and specific job descriptions and person specifications • Evidence of effective arrangements for internal and external communication (e.g. by review of communication of recent legislation to relevant officers and members) • Appropriate induction training has been given to specific post holders

	<p>attend appropriate training courses /peer networks and performance is assessed on an on going basis. Appropriate new legislation, government guidance etc, is cascaded through the organisation.</p> <ul style="list-style-type: none">• There is an agreed mandatory Corporate Induction programme for new starters. Where the interview process has identified any gaps against the Person Specification these are addressed by post entry training.• SAMT are responsible for maintaining an overview of reports which are taken to Executive/Council. All senior officers receive appropriate awareness and training sessions to enable them to manage their Directorate and any corporate responsibilities in an appropriate fashion.• Officers are aware of the requirement to take appropriate reports to Executive/Council and regulatory committees, and to ensure that the Council continues to address all statutory requirements. The Council facilitates and encourages attendance at training events, at peer group meetings, and an outward looking culture which will help to ensure that we operate in line with best practice. The more significant national developments are covered at events such as Members /Officer training sessions and by staff bulletins.• The Council's legal services team undertakes CPD and subscribes to relevant publications, etc to ensure that it remains up to date with key legislative changes.• On the basis of the available evidence neither the Governance Working Party, SAMT, or the Monitoring Officer are aware of any evidence that	<ul style="list-style-type: none">• Awareness training tailored to job profiles has been provided• Inspection of reports to members on implications of new legislation• Evidence that assurance has been given to Chief Executive (or equivalent) that all relevant legislative changes have been reported and addressed
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	<p>there has been a failure to report and / or address legislative changes / requirements.</p>	
<p>4. Effective action is taken where areas of non-compliance are found in either mechanism or legislation</p>	<ul style="list-style-type: none"> • All major reports from External Audit (Audit and Inspection Letter / Annual Governance Report) are reported to an appropriate Committee (normally Audit Committee). A progress report concerning Key Issues of Financial Governance is reported to every meeting of Audit Committee. • The Council has in place a well developed Strategic Risk Register supported by Service Risk Registers. • The Council has in place a complaints procedure which analyses all complaints, and documents actions taken. These are reported to both SAMT and Executive on a quarterly basis. Our response to Ombudsman complaints is of a high standard. Where complaints taken to external organisations – such as the Ombudsman are found to be valid the outcome is reported appropriately. This may include Executive/Council and/or the Council's Standards Committee. • The Council has in place a procedure for dealing with Freedom of Information requests. These are reported to Executive to monitor compliance with deadlines. • The Council regularly carries out internal audits on Data Protection compliance, and has a work programme to improve such compliance. 	<ul style="list-style-type: none"> • Review of evidence to demonstrate that action has been taken to overcome identified areas of non-compliance, for example: <ul style="list-style-type: none"> o Internal /external audit reports to audit committee or equivalent; o Monitoring reports on progress on delivering action plans in response to identified legal/statutory risks in risk register (e.g. on implementation of Freedom of Information Act 2000) o Evidence of corrective action being taken in response to upheld complaints against the authority

Step 2: In support of Objective 1 – Mechanism in place to establish organisational objectives⁵		
Examples of assurance: (A)	Position at BDC: (B)	Type of Evidence suggested by FAN: (C)
1. Consultation with stakeholders on priorities and objectives	<ul style="list-style-type: none"> The Council has given careful consideration to external / statistical data concerning the District and this has informed the development of our Corporate Plan and Corporate aims. A range of Consultation is used to develop / agree the Corporate Plan, the MTFP / Service Plans and all the supporting strategies. The council has suitably qualified and experienced staff in place to undertake consultation effectively. 	<ul style="list-style-type: none"> Results from internal and/or external consultation exercises have been analysed and published
Examples of assurance: (A)	Position at BDC: (B)	Type of Evidence suggested by FAN: (C)
2. The authority's priorities and organisational objectives have been agreed (taking into account feedback from consultation).	<ul style="list-style-type: none"> Extensive consultation is undertaken around the Corporate Plan in order to ensure that it reflects local priorities and perceptions. Local priorities are appropriately balanced against the national agenda, statutory requirements, and the performance framework based on former KPI's. These help ensure a reasonable balance between statutory obligations, national policies and local priorities. The Council's priorities and objectives are informed by ongoing strategic analysis of the needs of the District. The Council's main strategic partnerships are the Strategic Alliance with North East Derbyshire, the Joint Board for Shared Services, and the range of LSP partners. In all cases there is a clear link between these partnerships and the Council's 	<ul style="list-style-type: none"> Authority's approved and published strategic plan takes account of all consultation and local and national priorities Priorities and objectives in strategic partnerships are aligned with corporate priorities and objectives

⁵ In the police service it is assumed that the Authority's corporate objectives will subsume those of the Force.

	<p>Strategic and Operational priorities. There are important partnerships in development in respect of the Sheffield City Region and the Nottingham/Derbyshire LEP.</p>	
<p>3. Priorities and objectives are aligned to principal statutory obligations and relate to available funding</p>	<ul style="list-style-type: none"> • The Corporate Plan is linked to service plans and to the MTFP through the annual Service and Budget planning process. The interaction with Service Plans provides a further opportunity to ensure that statutory and contractual obligations are reflected in the Plan. • The MTFP incorporates details of all activities which are to be funded during the year and the income streams / contributions required to fund these are therefore factored into the budget. • The MTFP is effectively linked to and integrated with both the Corporate and related Plans. The Council operates a 'balanced scorecard' approach to financial, performance and risk management. • The MTFP is explicitly intended to ensure that proposed activities, or the continuation of existing services is affordable within the Council's level of income over the period of the MTFP. 	<ul style="list-style-type: none"> • Corporate priorities and objectives are clearly set out in the strategic plan • Strategic plan takes account of annual budget and medium term financial plan • Financial plans take account of strategic partnership contributions and income streams
<p>4. Objectives are reflected in departmental plans and are clearly matched with associated budgets</p>	<ul style="list-style-type: none"> • There are strong links between Corporate and service plans, and the Council has made considerable efforts to ensure that the 'Golden Thread' effectively links the various strands together. • Service Plans which set out agreed corporate Performance Targets, and any proposed service developments taken to Committee are considered against Corporate objectives. • Achievements against the previous year's Service Plans are required to be reviewed as part of the process of developing the Plan for the year ahead. 	<ul style="list-style-type: none"> • Clear terms of reference are set for the preparation of departmental and/or service plans • Departmental and/or service plans clearly reflect corporate objectives and match approved funding • Annual reports are produced on the outcome of departmental and/or service plans

	<p>Appraisals also evaluate progress against objectives at the level of individual employees. Formal Review is provided by way of the Annual Report, and by the suite of Quarterly Performance Reports considered by Executive.</p>	
<p>5. The authority's objectives are clearly communicated to staff and to all stakeholders, including partners.</p>	<ul style="list-style-type: none"> • The Council has a clear communication strategy with a dedicated communications officer. Communication mechanisms include the Civic Newspaper "In Touch" which is distributed to all residents 3 times a year, by the Website, by key documents available at public access points, and by promoting coverage in our local press. • Communications to staff include Roadshows, the intranet, publicity material in the main workplaces, the Chief Executive's briefing etc. These are discussed at all team meetings, which are also responsible for reviewing Service Plans, and performance. The Council has an established Performance Management Culture. • In developing our objectives or priorities clear consideration is given to the views of the public as expressed in the Citizens Panel, Youth Panel, Tenants Panel and in other Focus Groups which meet during the course of the year. Service and Budget Plans have been discussed with the commercial sector, with our LSP, and with a variety of other agencies such as the PCT, DCC and neighbouring authorities. The Council engages actively with the full range of local, regional and national stakeholders who are aware of the Council's objectives, which they in turn have the opportunity to shape. • The Council has a range of key documents including a Community Strategy, a Corporate Plan, a Medium 	<ul style="list-style-type: none"> • A communication strategy in respect of the corporate objectives has been developed, approved and implemented • Evidence of consultation with stakeholders (e.g. public and internal surveys etc) and strategic partners on service provision against cost. • Documented meetings across departments to discuss key objectives in corporate and departmental and/or service plans • Corporate objectives and aims are set out in key documents (annual plans, etc) on the authority's website and intranet site

	<ul style="list-style-type: none"> Term Financial Plan, an Annual Performance Report, all of which are publicised with details available on the Council's website. 	
<p>Step 3: In support of objective 1 – Effective corporate governance arrangements are embedded within the authority</p>		
Examples of assurance: (A)	Position at BDC: (B)	Type of Evidence suggested by FAN: (C)
1. Code of Corporate Governance established	<ul style="list-style-type: none"> The Council has in place a Corporate Governance framework based upon the CIPFA / SOLACE model. The Council is proactive in making details of the Code available to both officers and members, with a copy available on the Council's website. 	<ul style="list-style-type: none"> A Code of Corporate Governance in line with the CIPFA/SOLACE guidance relevant to the type of authority has been adopted by the authority. A communication strategy in relation to the Code has been developed, approved and implemented
Examples of assurance: (A)	Position at BDC: (B)	Type of Evidence suggested by FAN: (C)
2. Review and monitoring arrangements in place	<ul style="list-style-type: none"> The Council is committed to an ongoing review / update of its Corporate Governance arrangements. Ethical Standards are overseen by the Standards Committee, working alongside the Audit Committee. The Annual Governance Statement has been prepared on an annual basis with effect from 2007/08, which is when the requirement to prepare the Statement came into effect. Appropriate action is taken on all internal / external audit reports with Audit Committee actively monitoring the position. Significant identified weaknesses are managed by Action Plan's eg Key Issues of Financial Governance Action Plan. 	<ul style="list-style-type: none"> The Code itself incorporates a review date and/or a system for continuous update in response to changed requirements There are clear arrangements for continuously monitoring compliance with the Code e.g. reports on compliance are regularly submitted to the committee charged with corporate governance responsibility An annual report on compliance with the Code of Corporate Governance is prepared and submitted to members (i.e. the Annual Governance Statement) Internal/external audit reports on

		<p>adequacy of corporate governance arrangements</p> <ul style="list-style-type: none"> • An action plan is prepared to address any significant identified weaknesses in complying with the Code and is continuously monitored by the authority or committee charged with corporate governance responsibility (i.e. the AGS action plan)
3. Committee charged with governance responsibilities	<ul style="list-style-type: none"> • The main Committee is the Standards Committee which meets on a regular basis. The Audit Committee looks at a range of parallel issues with its primary focus being on financial governance. • The Constitution is reviewed on an on-going basis. • Agenda's demonstrate that appropriate items were taken to the relevant committees, while the minutes record the discussion and debate which has taken place. 	<ul style="list-style-type: none"> • Responsibility for overseeing corporate governance has been formally delegated to an appropriate committee • Committee terms of reference clearly demonstrating responsibility for corporate governance issues have been approved by the authority • Terms of reference are sufficiently comprehensive to ensure that all appropriate aspects of corporate governance are covered • Agendas and minutes from the committee charged with corporate governance responsibility indicate that the responsibility is being discharged adequately in accordance with terms of reference
4. Governance training provided to key officers and all members	<ul style="list-style-type: none"> • There is a mandatory corporate induction programme which provides basic training / awareness to all employees. A comprehensive induction Programme is arranged following District Council election, the Council has a Member Development Programme. • The authority actively publicises and promotes both 	<ul style="list-style-type: none"> • Induction training for key new officers and all new members incorporate suitable coverage on corporate governance issues according to responsibilities • Ongoing awareness training is provided

	<p>Members and Officers Code of Conduct.</p> <ul style="list-style-type: none"> • Awareness amongst both Members and officers is developed by training, appropriate meetings, by review and update of the employee or member handbooks which are circulated to all, and by use of the intranet site. 	<p>as appropriate to key staff and all members to ensure that changes in the Code are made known within the authority</p>
5. Staff, public and other stakeholder awareness of corporate governance	<ul style="list-style-type: none"> • See 4 (directly above) in relation to Members and Officers. In relation to the Public and other Stakeholders there are significant amounts of information on the web site, while formal contracts, partnerships arrangements, etc make clear the standards which the Council is seeking to maintain. 	<ul style="list-style-type: none"> • There is a general staff awareness programme • The Code has been published and is accessible to all staff, the public and other stakeholders
Step 4: In support of objective 1 – Performance management arrangements are in place		
Examples of assurance: (A)	Position at BDC: (B)	Type of Evidence suggested by FAN: (C)
1. Comprehensive and effective performance management systems operate routinely	<ul style="list-style-type: none"> • The Performance Management Framework is outlined in the Council's Annual Report. Outcomes are formally monitored by quarterly reports. • Where external reports have been produced these normally lead to the development of an Action Plan aimed at improvement of the service. • Where either external or internal audit identify a significant performance issue, this will be reported to Members both on completion of the review, and if appropriate included within the Key Issues of Financial Governance Reports which appear on all Audit Committee meetings. This tracks progress over time in resolving significant governance issues. • Both the quarterly performance reports and Annual Report formally publicise performance targets and the outcomes against these. All performance targets have 	<ul style="list-style-type: none"> • There is a clearly defined performance management framework that identifies: <ul style="list-style-type: none"> o all sources of performance measures; o who is responsible for achieving each performance measure; o who is responsible for collating the data for each one; o who determines and approves the performance measures; o who receives reports on performance and how often; o how data quality is assured; o how performance data is captured and its integrity maintained; o how poor performance is addressed;

	<p>a named responsible officer.</p> <ul style="list-style-type: none"> • Shared Services and Partnership arrangements produce their own range of performance information, which is reported to their respective boards. These reports are then presented either in full or in summarised versions to the Executive. Budget setting, monitoring and outturn reports all incorporate sections concerning Partnership performance. 	<ul style="list-style-type: none"> o how performance is driven upwards over time • Reports resulting from internal or external reviews of performance management • Year-on-year comparison of achievement against performance targets (e.g. in annual reports) • Best value reviews, including benchmarking results • Departmental and/or service benchmarking results • Annual reports issued by, or in relation to, strategic partnerships
<p>2. Key performance indicators are established and monitored</p>	<ul style="list-style-type: none"> • The Council manages and reports against all agreed KPI's including quarterly reports to Executive. These are included in Service Plans, and are reflected in appraisals relating to individual staff. • Quarterly Performance Reports on Corporate Plan targets are taken to Executive. Where appropriate key indicators, or those which are proving challenging are actively managed by SAMT on a more regular basis. • The Performance Framework has developed out of a range of national, former national and locally agreed indicators. These are agreed by Members, SAMT and the staff responsible for delivery. • Continuous improvement is secured by a variety of means most notably by the Council's Performance Culture which promotes improvement throughout the organisation. Targets are agreed against the background of this culture which seeks to set targets that are challenging but achievable. This culture 	<ul style="list-style-type: none"> • Appropriate key performance indicators (KPIs) have been established and approved for each service element and are included in departmental and service business/annual plans • KPIs have been developed and are monitored in respect of key partnerships • A robust monitoring system has been approved and implemented • There are regular reports on progress on delivering approved KPIs • There is an approved mechanism for reviewing the continuing suitability of KPIs and for securing continuous improvement

	<p>incorporates a range of challenge mechanisms including Senior Officer and Member review.</p> <ul style="list-style-type: none"> • The Council's Data Quality of Corporate Plan targets is reviewed by Internal Audit on an annual basis. 	
Examples of assurance: (A)	Position at BDC: (B)	Type of Evidence suggested by FAN: (C)
<p>3. The authority knows how well it is performing against its planned outcomes</p>	<ul style="list-style-type: none"> • Quarterly reports to Executive in respect of Corporate Plan targets, budget monitoring and Risk, which then as appropriate go on to Scrutiny Committees. Performance issues have been subject to more detailed review as part of the work around shared services. The Council's Scrutiny process receives regular monitoring reports on the Council's corporate plan performance. • All 'marginal' Internal Audit reports are considered by the Audit Committee, with all external audit reports going to that Committee or Council. • Achievement of Performance targets features both within the Strategic and the Service Risk Registers to ensure that risk around performance is effectively managed. • Budget monitoring reports are taken to Executive on a regular basis, and then on to the Audit and Budget Scrutiny Committee. • A Benchmarking analysis was developed on the basis of work commissioned from Tribal on a regional basis by the RIEP, and the Council makes use of national comparative statistics as appropriate. The Council are members of APSE. Officers have well developed local networks of peer officers (eg DFOA's), and work in respect of shared services with North East Derbyshire in particular has provided insight into the performance of the services concerned. 	<ul style="list-style-type: none"> • Regular reports are presented to members on the delivery of national, authority, departmental and partnership performance targets • Internal and external auditor's reports on key performance indicators • Key performance indicator risk scorecards • Use of Resources (PURE for police service) reviews and progress reviews against the action plans. • Monitoring reports on the achievement of local performance targets in the Local Policing Plan • Best Value Performance Indicators • Internal performance indicators • Regular budget monitoring reports (capital and revenue, current year and medium-term) • Voluntary benchmarking exercises with peer groups • National comparative performance measures against comparable authorities (e.g. QuAnTa data on comparative policing performance against 'most similar force') • Balanced score card

		<ul style="list-style-type: none"> • EFQM model adopted • External audit/agency reports on performance (e.g. compliance with National Crime Recording Standard, HMIC reports, Police Standards Unit reports)
Examples of assurance: (A)	Position at BDC : (B)	Type of Evidence suggested by FAN: (C)
4. Knowledge of absolute and relative performances achieved is used to support decisions that drive improvements in outcomes	<ul style="list-style-type: none"> • The Council's Performance Management System is based upon comparisons of internal trends over time, and by comparison with recognised benchmarks. Targets are agreed and performance is measured and reported against all of these comparisons. • Performance is reported quarterly to Executive and then on to Scrutiny. Reports include details of actions being taken and timescales for addressing any performance issues. • The Council's Performance Culture generally seeks to set appropriate targets in the light of service demands and the resources available. As a general rule over the last 3 years the Council has sought to maintain current levels of performance which given the reduced level of resources available to deliver services represents a challenging target. 	<ul style="list-style-type: none"> • Monitoring reports are regularly presented to the appropriate committee • The reports include detailed performance results, both absolute and relative to peer authorities, a clear indication of below target, on target and at, or above, target results, highlighting areas where corrective action is necessary • Committee reports on below par performance include 'SMART' action plans to improve performance • Performance targets in subsequent corporate and departmental and/or service business plans are revised in the light of actual performance • Continuous improvement is strived for by increasing the difficulty of performance targets when they have been met over a period (e.g. movements on KPI results)
5. Knowledge of absolute and relative performances achieved is used to support decisions that drive	<ul style="list-style-type: none"> • Performance targets are evaluated against local trends, peer authorities and national trends before inclusion into the service planning process. Key 	<ul style="list-style-type: none"> • Performance trends are established and reported upon over the medium term and are fed into the corporate and

<p>improvements in outcomes (continued)</p>	<p>targets are established within Service Plans.</p> <ul style="list-style-type: none"> • Performance is evaluated against targets by quarterly reports. 	<p>departmental and/or service planning process and into the planning process of key partnerships</p> <ul style="list-style-type: none"> • Performance targets are adjusted in the light of the performances of peer authorities
<p>6. The authority continuously improves its performance management</p>	<ul style="list-style-type: none"> • Performance Targets are reviewed on a regular basis against both generally accepted levels of performance and against local trends. • Our Performance Management Framework has developed significantly over previous years largely to improve presentation of the issues, which in turn has assisted in promoting challenge of the outcomes. The Council now holds formal quarterly performance meetings as part of its Performance Management framework. • Services currently covered by the Joint Board have clear financial and performance criteria against which progress is judged. • Our Performance Management arrangements will need to be reviewed in the light of developments in the Strategic Alliance with North East Derbyshire in the delivery of our Governance and Service arrangements. 	<ul style="list-style-type: none"> • The performance management systems are regularly reviewed and updated to take account of changes in organisational structure, new performance measurement frameworks (i.e. new Government initiatives, new internal performance measures etc) and other factors • The performance management arrangements are revised in line with external or internal review of the arrangements • Performance management arrangements are reviewed to assimilate new techniques and/or technology e.g. developments in performance management information systems • Performance management arrangements are developed and monitored in relation to key partnerships

Step 1 – In support of Objective 1 - Apply the Six CIPFA/SOLACE Core Principles		
Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area		
The code should reflect the requirements for local authorities to:	Position at BDC	Source documents/good practice/other means that may be used to demonstrate compliance
1. Develop and promote the authority's purpose and vision	The local Code is based upon a clear Community Focus which sets out the links between community engagement, service planning and delivery, and the maintenance of appropriate standards of conduct.	The Code is used as a basis for: corporate and service planning shaping the community strategy local area or performance agreements
2. Review on a regular basis the authority's vision for the local area and its impact on the authority's governance arrangements	The Council reviews the authority's vision on an ongoing basis.	
3. Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all parties	The Council has a proactive partnership team who ensure that the Council's values and those of key partners are shared.	The Code is made available to key partnerships

Examples of assurance: (A)	Position at BDC: (B)	Type of Evidence suggested by FAN: (C)
<p>4. Publish an annual report on a timely basis to communicate the authority's activities and achievements, its financial position and performance (not police service)</p>	<p>The Council publishes Annual Accounts and an Annual Performance Report. These documents and a range of supporting evidence are available on the website. In addition a Council 'newspaper' In Touch is circulated to all residents three times a year. The Corporate Plan is supported by detailed Service Plans which establish the Council's objectives and Performance targets.</p>	<p>Annual financial statements Annual business plan Formal annual report</p>
<p>5. Decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available</p>	<p>The Authority's Strategies and Plan's all contain performance targets and action plans that provide a SMART framework against which progress can be evaluated. In particular the Performance Framework is designed to ensure that key indicators of progress are monitored and reported on at least on a quarterly basis. The information obtained from monitoring against internal targets is supported by information gathered from residents including compliments and complaints and other stakeholders from a variety of sources in order to ensure that we have a rounded picture of the public's view of the services provided.</p>	<p>This information is reflected in the authority's: Corporate plan Medium term strategy Resourcing plan in order to ensure improvement</p>
<p>6. Put in place effective arrangements to identify and deal with failure in service delivery</p>	<p>Section 5 above refers. In addition the council has in place a number of methods for measuring resident / stakeholder satisfaction. The complaints procedure which monitors issues of concern for service users, and results in reports to both SAMT and Executive enabling informed corrective action to be taken.</p>	<p>Satisfaction surveys Complaints procedure</p>

<p>7. Decide how value for money is to be measured and make sure that the authority or partnership has the information needed to review value for money and performance effectively. Measure the environmental impact of policies, plans and decisions.</p>	<ul style="list-style-type: none"> • Value for Money criteria are effectively established by the Council's performance targets, which are reviewed and established on an Annual basis and set out in Service Plans. These are reviewed on an on going basis including quarterly reports to Members. • The Council seeks to reduce both its own carbon footprint and that of the wider district. 	<p>The results are reflected in authority's performance plans and in reviewing the work of the authority Publish environmental strategy and policy, incorporating monitoring and reporting arrangements</p>
<p>Step 2 – In support of Objective 1 - Apply the Six CIPFA/SOLACE Core Principles</p>		
<p>Members and officers working together to achieve a common purpose with clearly defined functions and roles</p>		
<p>The local code should reflect the requirements for local authorities to:</p>	<p>Position at BDC</p>	<p>Source documents/good practice/other means that maybe used to demonstrate compliance</p>
<p>1. Set out a clear statement of the respective roles and responsibilities of the executive and of the executive's members individually and the authority's approach towards putting this into practice (this is not relevant for the police service)</p>	<p>This is set out within the Council's Constitution. All Committee meetings are formally minuted with minutes formally approved.</p>	<p>Constitution (where appropriate) Record of decisions and supporting materials</p>
<p>2. Set out a clear statement of the respective roles and responsibilities of other authority members, members generally and of senior officers</p>	<p>Again this is set out in the Constitution, and is further supported by the Member and Officer protocols and for officers by Job Descriptions and contractual terms.</p>	<p>Constitution (where appropriate) Conditions of employment Member/officer protocol</p>

<p>3. Determine a scheme of delegation and reserve powers within the constitution, including a formal schedule of those matters specifically reserved for collective decision of the authority taking account of relevant legislation and ensure that it is monitored and updated when required</p>	<p>The Constitution incorporates a scheme of delegation, and sets out the roles, powers and limits upon the power of individual officers and Members. The Constitution reflects best practice, including an appropriate approach to the Council's statutory duties and powers.</p>	<p>Scheme of delegation Statutory provisions</p>
<p>4. Make a chief executive or equivalent responsible and accountable to the authority for all aspects of operational management⁶</p>	<p>The Chief Executive is the Head of Paid Service, and that role together with the associated job description make him the responsible officer for the effective discharge of the Council's operational management. In discharging these duties the Chief Executive is supported by the Council's wider managerial arrangements, and by the Performance Management systems which are in place.</p>	<p>Job descriptions/specification Performance management system</p>
<p>5. Develop protocols to ensure that the leader and chief executive (or equivalent) negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained⁷</p>	<p>Regular meetings are held between the leader and the Chief Executive. These are part of a broader framework of appraising the performance of the Chief Executive.</p>	<p>New chief executive and leader pairing consider how best to establish and maintain effective communication</p>

⁶ In the police service the Chief Executive or equivalent is responsible for the operational management of the Police Authority; the Chief Constable is responsible for the operational management of the Force.

⁷ The Authority Chair, Chief Executive, Treasurer and Chief Constable in the police service.

<p>6. Make a senior officer (usually the section 151 officer) responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control</p>	<p>The Director of Corporate Resources has been designated as the Council's S151 officer responsible for the sound Financial Administration of the authority. The duties are incorporated within the job description of the Director of Corporate Resources.</p>	<p>Section 151 responsibilities S112/114 Local Gov't Finance Act 1988 Statutory provision Statutory reports Budget documentation Job description/specification</p>
<p>The local code should reflect the requirements for local authorities to:</p>	<p>Position at BDC</p>	<p>Source documents/good practice/other means that may be used to demonstrate compliance</p>
<p>7. Make a senior officer (other than the Responsible Financial Officer) responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes, regulations are complied with.</p>	<p>The Solicitor to the Council is the Council's Monitoring Officer, with the Legal and Standards Officer being the Deputy Monitoring Officer. Roles and responsibilities are set out in the Job description / Person specification.</p>	<p>Monitoring officer provisions Statutory provision Job description/specification</p>
<p>8. Develop protocols to ensure effective communication between members and officers in their respective roles</p>	<p>Protocols are in place setting out the roles and responsibilities of Members and Officers (these support the powers established under the Constitution). These Protocols are supported by a range of working arrangements which help to ensure that the underlying relationships are constructive, and support the effective working and development of the Council</p>	<p>Member/officer protocol</p>

<p>9. Set out the terms and conditions for remuneration of members and officers and an effective structure for managing the process including an effective remuneration panel (if applicable)</p>	<p>Under the move to a Strategic Alliance the Council has adopted the pay scales of North East Derbyshire as the appropriate pay scale for senior officers. These pay scales were determined by a panel in the light of external advice. Details are available on the website. There is an annual report on pay and conditions which is reported to Council. The Members allowances / remuneration scheme is considered through appropriate good practice processes and procedures, and is publicised on the website. Members allowances were reviewed in 2011 by an independent panel, and full details are set out on the Council's website and in the Constitution.</p>	<p>Pay and conditions policies and practices Member allowances/remuneration scheme</p>
<p>Examples of assurance: (A)</p>	<p>Position at BDC: (B)</p>	<p>Type of Evidence suggested by FAN: (C)</p>
<p>10. Ensure that effective mechanisms exist to monitor service delivery</p>	<p>The Council has in place a Performance Management Framework, together with a Compliments, Comments and Complaints procedure which enable the effective monitoring of service delivery. Service Delivery is also monitored through service plans and quarterly performance meetings</p>	
<p>11. Ensure that the organisation's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and</p>	<p>The development of the Council's Corporate Plan is an on going process of consultation/debate. Key consultees include an internal audience of Members, Officers and Employees. External consultees include our LSP, Parish Councils, and the full range of other statutory agencies. Resident's views are sought through local Members, direct consultation with</p>	<p>Vision, strategy, corporate plans, budgets, performance plan/regime Communication/consultation strategies</p>

disseminated	local residents, and via Complaints and other communication with the Council and its officers (in particular contact between service providers and the public). Finally, external sources of information including the former Place Survey has informed our vision and aims.	
12. When working in partnership ensure that members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the authority	The Council has a Partnership Team in place who are responsible for the Council's input into the LSP and provide support for our other partnership arrangements.	<p>Protocols for partnership working. For each partnership there is:</p> <ul style="list-style-type: none"> • a clear statement of the partnership principles and objectives • clarity of each partner's role within the partnership • definition of roles of partnership board members • line management responsibilities for staff who support the partnership • a statement of funding sources for joint projects and clear accountability for proper financial administration • a protocol for dispute resolution within the partnership <p>(NB from special report ' Local Partnerships and Citizen Redress by LGO) Code of Corporate Governance is made available to all key partner organisations <i>(See also appendix B1 & B2 of this rough guide – Partnerships suggested approach and determination)</i></p>
13. When working in partnership: - ensure that there is clarity about the legal status of the partnership - ensure that representatives or organisations both understand and make clear to all other partners the extent of their	See above. For any significant Partnerships the Council gives appropriate consideration to these issues before entering into the Partnership. One of the criteria which would be considered before entering into a Partnership would be its consistency with the principles of accountability and Governance which the Council applies to its	Partnership agreement sets out legal status and authority to make binding decisions and/or financial commitments Key partnership agreements are in line with codes of corporate governance.

<p>authority to bind their organisation to partner decisions.</p>	<p>own internal arrangements.</p>	
<p>Step 3 – In support of Objective 1 - Apply the Six CIPFA/SOLACE Core Principles</p>		
<p>Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour</p>		
<p>The local code should reflect the requirements for local authorities to:</p>	<p>Position at BDC</p>	<p>Source documents/good practice/other means that may be used to demonstrate compliance</p>
<p>1. Ensure that the authority's leadership sets a tone for the organisation by creating a climate of openness, support and respect</p>	<p>The organisations Constitution and its values clearly establish an overriding requirement that our actions are characterised by openness and accountability. The Monitoring Officer / Governance Team decides which reports meet the statutory criteria before they are deemed to be exempt from the requirement to be discussed openly / or be treated as confidential. All decisions are minuted, and reports are available on line, or alternatively may be obtained as a hard copy.</p>	<p>Reports are compliant with statute re what can be deemed to be confidential Decisions are made openly by the authority</p>
<p>2. Ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the authority, its partners and the community are defined and communicated through codes of conduct and protocols</p>	<p>The Constitution, the Members / Officers Code of Conduct, the Whistleblowing Strategy, and a variety of other mechanisms all work together to provide an operational framework, which sets out clear expectations and standards regarding what constitutes acceptable behaviour. All policies are effectively communicated to Members, Officers and employees including availability on the website.</p>	<p>Members/officers code of conduct performance management system Performance appraisal Complaints procedures Antifraud and corruption policy Member/officer protocols Protocols and codes shared with key partners</p>

<p>3. Put in place arrangements to ensure that members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice⁸</p>	<p>The Constitution and Codes of Conduct all set out clear expectations and requirements of Members and Officers. Where a prejudicial interest exists it is made clear that individuals have a responsibility to declare this, and that they must not participate in any way that might influence the decision making process. While the key emphasis is rightly upon informed openness by individuals, the Council has a well publicised Whistle Blowing policy enabling others to raise potential conflicts of interest for investigation.</p>	<p>Standing orders Codes of conduct Financial regulations “Whistle-blowing” or equivalent confidential reporting facility</p>
<p>Examples of assurance: (A)</p>	<p>Position at BDC: (B)</p>	<p>Type of Evidence suggested by FAN: (C)</p>
<p>4. Develop and maintain shared values including leadership values both for the organisation and staff reflecting public expectations and communicate these with members, staff, the community and partners</p>	<p>See the Codes of Conduct, but also the statement of values set out in all main policy documents which give a clear commitment to Openness, Honesty and Integrity.</p>	<p>Codes of conduct</p>
<p>5. Put in place arrangements to ensure that procedures and operations are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice</p>	<p>Constitution and Codes of Conduct. Appropriate awareness raising training is provided to Members / Officers, and both are reminded of the Code of Conduct at the outset of all Council meetings.</p>	<p>Codes of conduct</p>
<p>6. Develop and maintain an effective standards committee</p>	<p>A Standards Committee is in place which has appropriate terms of reference, membership and</p>	<p>Terms of reference Regular reporting to the authority</p>

	<p>which meets on a regular basis. The Committee's minutes are reported to Council, and under the Constitution it has a direct right of report to Council.</p>	
<p>7. Use the organisations shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the authority</p>	<p>The Council has clear shared values set out in the Corporate Plan. All reports to Committee are agreed by the Senior Alliance Management Team, and they are responsible for ensuring that the reports are in line with the Council's values. Reports are then agreed by Members who determine the Council's values. Members are given appropriate training to enable to establish and uphold appropriate values.</p>	<p>Decision making practices, including QA of reports to committees and authority</p>
<p>8. In pursuing the vision of a partnership, agree a set of values against which decision making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively.</p>	<p>The Council's representatives on Partnerships are expected to reflect and champion the Council's values within those partnerships, and the Partnerships' constitution must be compatible with the Council's values for the Council to be involved. The Corporate Governance framework is publicised and available on the Website.</p>	<p>Protocols for partnership working Code of corporate governance made available to all key partners</p>

Step 4 – In support of Objective 1 - Apply the Six CIPFA/SOLACE Core Principles

Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

The local code should reflect the requirements for local authorities to:	Position at BDC	Source documents/good practice/other means that may be used to demonstrate compliance
<p>1. Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the organisation's performance overall and of any organisation for which it is responsible.</p> <p>Note: The police service does not have a requirement to have a scrutiny committee as it does not operate on an Executive basis. It does, however, require a scrutiny function; this is largely the role of the Authority.</p>	<p>The functioning of Scrutiny is well established and operating effectively supported by a separate team of officers. These arrangements and the effective engagement of other Members and Officers of the Council help ensure that Scrutiny's analysis and recommendation are supported by robust evidence, data and critical analysis.</p>	<p>Scrutiny is supported by robust evidence and data analysis</p>
<p>2. Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based</p>	<p>Decision making protocols and powers are set out in the Council's Constitution. These also establish what record of the decision needs to be maintained. For Executive reports the QA process is the Corporate Management Team, while for Delegated Decisions the originating officer and the responsible Director need to ensure that the decision has been appropriately taken, and that appropriate advice has been taken and consultation made. All decision making Committees are appropriately minuted setting out</p>	<p>Decision making protocols record of decisions and supporting materials Reports on which decisions are to be made go through a robust QA process</p>

	the criteria, rationale and considerations on which decisions were based.	
3. Put in place arrangements to safeguard members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice	There is a Member and Officer Code of Conduct which requires all interests to be declared, and to ensure that the individual involved does not play a role in the decision making process where there is a potential conflict of interest. All gifts and hospitality are required to be officially recorded, and the Council's Constitution includes Financial Regulations and Contract Procedure Rules which establish what constitutes acceptable behaviour in respect of the letting of contracts. All members and senior officers are required to complete a Related Party Transaction declaration at the end of each financial year.	Members Code of Conduct Register of gifts and hospitality Financial regulations Standing orders
Examples of assurance: (A)	Position at BDC: (B)	Type of Evidence suggested by FAN: (C)
4. Develop and maintain an effective audit committee (or equivalent) which is independent or make other appropriate arrangements for the discharge of the functions of such a committee	An Audit Committee is well established. Its terms of reference are in line with CIPFA / SOLACE requirements. Appropriate training is given to those Members on the Committee.	Terms of reference Membership Training for committee members
5. Put in place effective transparent and accessible arrangements for dealing with complaints	The Council has a written Complaints procedure in place, which is monitored and reported to Senior Alliance Management Team and Executive on a regular basis. The Council endeavours to ensure that service users are made aware of their rights under the complaints procedure, and where appropriate are able to refer issues or complaints to external	Complaints procedure Communication of ways of referring complaints to external bodies e.g. Ombudsman, IPCC

	adjudicators.	
6. Ensure that those making decisions whether for the authority or partnership are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications.	A comprehensive induction process is provided after the District Council elections, and this is supported by on going training / awareness programmes. Members are able to agree Personal Development Plans which identify training needs, and there is a comprehensive Member Development Programme. All reports to Executive / Council are cleared by the Council's SAMT. Reports to Scrutiny and other Committees are cleared by an appropriate Senior Officer of the Council.	Members' induction scheme Training for committee chairs Robust QA process for all reports
7. Ensure that professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately	All reports include a section detailing legal and financial implications. These need to be agreed by SAMT, the Monitoring Officer and the CFO who take a view on the adequacy of the professional advice that has been provided. All reports are processed and despatched in accordance with an agreed timetable, unless there are exceptional circumstances which require a late report to be considered.	Record of decision making and supporting materials Robust QA process for all reports Protocol re reporting deadlines
8. Ensure that risk management is embedded into the culture of the organisation , with members and managers at all levels recognising that risk management is part of their job	The Council has a well-established Risk Management Framework, and a range of training arrangements. Risk Management has a high profile within the authority, with job descriptions reflecting the requirements to manage risk, all formal reports having a Risk Management section, and all major projects having a Risk Register.	Risk management strategy/protocol Financial standards and regulations Job descriptions reflect risk management responsibilities Reports leading to key decisions and/or requiring major resources include risk assessment

<p>9. Ensure that arrangements are in place for whistle blowing to which staff and all those contracting with the authority have access (In the police service “staff” includes the Chief Constable and those under the direction and control of the Chief Constable)</p>	<p>The Council has a well established Whistle Blowing Policy available on the intranet. It is covered in the Induction arrangements and is publicised on a regular basis. The Policy has been effectively utilised by officers demonstrating an awareness of and a confidence in it.</p>	<p>Whistle-blowing policy Publication of policy</p>
<p>10. Actively recognise the limits of lawful activity placed on them by, for example the ultra vires doctrine but also strive to utilise powers to the full benefit of their communities</p>	<p>All officers are trained to undertake their duties as set out in their Job Description which includes an awareness of the prevailing statutory framework. This is supported by the Council’s Constitution, and by the Monitoring Officer, Legal Team, Internal Audit and other challenge arrangements which would help to identify any activity which falls outside of the Council’s powers. For new initiatives the QA process for reports should ensure that activities outside our powers are identified prior to implementation.</p>	<p>Constitution (where appropriate) Monitoring officer provisions Statutory provision robust QA process for all reports</p>
<p>11. Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on local authorities by public law</p>	<p>See above</p>	<p>Robust QA process for all reports</p>
<p>12. Observe all specific legislative requirements placed upon them, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law –</p>	<p>See above</p>	<p>Monitoring officer provisions Job description/specification Statutory provision Robust QA process for all reports</p>

rationality, legality and natural justice into their procedures and decision making processes.		
Step 5 – In support of Objective 1 - Apply the Six CIPFA/SOLACE Core Principles		
Developing the capacity and capability of members and officers to be effective		
The local code should reflect the requirements for local authorities to:	Position at BDC	Source documents/good practice/other means that may be used to demonstrate compliance
1. Provide induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis	HR has developed a standard Corporate Induction process for all new employees, while at a service level Induction is required to cover any service specific induction issues. The appraisal process identifies any training/development needs, and develops a plan to deliver these which is monitored on an on going basis. The Person Specification should ensure that only appropriately qualified individuals are appointed in the first place. A range of Corporate awareness training is also provided to Managers by means of training sessions, briefings and other mechanisms. For Member an Induction process is provided after District Council elections. A range of corporate training / awareness is undertaken on an on going basis.	Training and development plan Induction programme Update courses/information
Examples of assurance: (A)	Position at BDC: (B)	Type of Evidence suggested by FAN: (C)
2. Ensure that the statutory officers have the skills, resources and support necessary to perform	The job description / person specification is intended to ensure that only appropriately qualified and experienced individuals are short listed for	Job description/personal specifications Appointment process Membership of top management team

<p>effectively in their roles and that these roles are properly understood throughout the organisation</p>	<p>these positions. The appointments process ensures that a competitive process is in place, to assess individuals in order to ensure that they have the appropriate range of personal attributes and skills.</p> <p>The Council's Statutory Officers are professionally qualified, appropriately experienced and are aware of their professional responsibilities regarding the management of the Council, and of the powers which are available to them to ensure that they have the appropriate level of resources to enable them to discharge those responsibilities effectively. Management Team takes the key decisions regarding which reports should go before Committee includes the statutory officers of the Council, and the role of these officers is well understood across the organisation. Furthermore the process for agreeing reports, for taking major decisions etc is designed so that these officers are actively involved in these processes to ensure that the organisation is appropriately managed.</p>	
<p>3. Assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively</p>	<p>Employees are subject to an appraisal supplemented by 1 to 1's which incorporates an assessment of performance and training requirements. These are developed into a corporate training plan.</p> <p>Members are provided with appropriate training although measures are being considered to provide a more systematic Member Development Programme.</p>	<p>Appraisal Training development plan</p>

<p>4. Develop skills on a continuing basis to improve performance including the ability to scrutinise and challenge and to recognise when outside expert advice is needed</p>	<p>See above.</p>	<p>Training and development plan reflects requirements of a modern councillor or member including:</p> <ul style="list-style-type: none"> • the ability to scrutinise and challenge • the ability to recognise when outside advice is required • advice on how to act as an ambassador for the community • leadership and influencing skills
<p>5. Ensure that effective arrangements are in place for reviewing the performance of the authority as a whole and of individual members and agreeing an action plan which might for example aim to address any training or development needs</p>	<p>The Council's Corporate Plan, related Strategies and Plan's set out clear actions and targets against which progress can be monitored. In addition there are a range of performance targets covering all relevant services, which are monitored on a quarterly basis. The Council also encourages external review where appropriate eg Customer Services Excellence assessment.</p>	<p>Performance management system</p>
<p>Ensure that effective arrangements designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority</p>	<p>The Council has developed a range of mechanisms for consultation. We have a range of forums for engaging with our citizens including Public Meetings, LSP, Tenants Panel, Youth Council and Equality Panel. In addition to consultation the Council also actively encourages engagement by members of the Community in the Council's activities.</p> <p>The Council has secured Equality Standard at level 3 which demonstrates the Council's commitment and the operation of effective arrangements to engage all sections of the Community. Although we are no longer externally assessed we continue to maintain the standard internally.</p>	<p>Strategic partnership framework stakeholders forums' terms of reference Area forums' roles and responsibilities Residents panel structure Targeted advertising</p>

6. Ensure that career structures are in place for members and officers to encourage participation and development	The Council's Structures with a well developed Executive and Scrutiny system offer a good range of opportunities for all Members to participate at a range of levels in the Council's managerial and Governance arrangements.	Succession planning
Step 6 – In support of Objective 1 - Apply the Six CIPFA/SOLACE Core Principles		
Engaging with local people and other stakeholders to ensure robust public accountability		
The local code should reflect the requirements to:	Position at BDC	Source documents/good practice/other means that may be used to demonstrate compliance
1. Make clear to themselves, all staff and the community, to whom they are accountable and for what	The Council's Strategic Framework sets out clear links between the Council and the Community, and sets out the requirement of the Council to be accountable, to display integrity, openness and inclusivity in our activity.	Community strategy Engagement strategy
2. Consider those stakeholder bodies to whom the organisation is accountable and assess the effectiveness of the relationships and any changes required	The Corporate Plan, the MTFP and Service Plans give structured consideration to the views of the Council's key stakeholders.	
Produce an annual report on scrutiny function activity (where relevant)	An annual report is provided to full Council concerning the performance of the Scrutiny function.	Annual report
3. Ensure that clear channels of communication are in place with all sections of the community and other stakeholders including monitoring arrangements to	The Council has a clear Channel Strategy in place utilising the Website, the In House Newspaper which is distributed to all residents, publicity material at reception, and articles in the local newspaper.	Community strategy Engagement strategy Processes for dealing with competing demands within the community

<p>ensure that they operate effectively</p>	<p>The Citizens Panel is used to secure feedback on the effectiveness of the various approaches utilised.</p>	
<p>4. Hold meetings in public unless there are good reasons for confidentiality.</p>	<p>All meetings are held in public, and reports and decisions are available on the internet or in hard copy upon request. All confidential items are agreed by the Monitoring Officer / Governance Team in order to ensure that they meet with the statutory definition of items which are confidential.</p>	<p>Compliance with statute regarding the determination of confidential issues</p>
<p>5. Ensure arrangements are in place to enable the authority to engage with all sections of the community effectively. These arrangements should recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands</p>	<p>See Channel Strategy. The Council has in place a wide range of engagement mechanisms including public meetings Web based consultation, and engaging with difficult to reach groups including young people. This is supported by targeted surveys, questionnaires and focus groups. The Council previously achieved a level 3 Equality standard which demonstrates that the Council has appropriate procedures in place and has used these to achieve good outcomes in engaging all sections of our community.</p>	<p>Engagement strategy Communication strategy</p>

Examples of assurance: (A)	Position at BDC: (B)	Type of Evidence suggested by FAN: (C)
<p>6. On an annual basis, publish a performance plan giving information on the authority's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users in the previous period.</p>	<p>An Annual Performance Report is prepared which covers performance, finance and service issues. Annual Financial statements which cover the outturn position are provided within the Annual Statement of Accounts with more detailed reports being provided to Committee and made available on the Council's website. While the Service Plans are essentially forward looking documents the objectives and aspirations which they incorporate are based upon previous year's trends, and contain both details about and analysis of previous performance.</p>	<p>Annual report Annual financial statements Annual business plan</p>
<p>7. Ensure that the authority as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so</p>	<p>The Council's Constitution and its overall ethos as set out in the Corporate Plan make it clear that it aspires to be, and has mechanisms and processes in place which facilitate openness and transparency. Communication and Engagement plans have been developed in order to achieve these objectives.</p>	<p>Constitution (where applicable) Communication strategy Engagement strategy</p>
<p>8. Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making.</p>	<p>The Constitution and the Council Corporate Plan and supporting documentation and strategies incorporate a clear role for our employees in the development and delivery of our Plans. A formal consultation mechanism is in place in the form of meetings with the trade unions which involves Members, Senior Offices and Trade Union</p>	<p>Constitution (where appropriate) Consultation policy, identifying recognised staff representatives and the extent to which they are consulted and involved in decision making</p>

	<p>representatives. In addition all employees are involved in the Service Planning process, have team meetings, attend Staff Roadshows, and a variety of other forum exist for staff suggestions, etc.</p>	
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Objective 2: Identify principal risks to achievement of objectives:

<p>Step 1: In support of objective 2 – The authority has robust systems and processes in place for the identification and management of strategic and operational risk</p>		
<p>Examples of assurance:</p>	<p>Position at BDC</p>	<p>Evidenced by:</p>
<p>1. There is a written strategy and policy in place for managing risk which:</p> <ul style="list-style-type: none"> • Has been formally approved at political and risk management board (or equivalent) level • Is reviewed on a regular basis • Has been communicated to all relevant staff • Includes partnership risks 	<ul style="list-style-type: none"> • The Council has in place a Risk Strategy approved by Members. • An agreed Strategic Risk Register is in place. • The Strategy is communicated and disseminated by a number of approaches including training/awareness sessions as part of the Performance Management Framework. • All Significant Partnerships and Major Projects have appropriate Risk Management arrangements in place. 	<ul style="list-style-type: none"> • Existence of approved strategy and policy document • Evidence of formal approval (e.g. management board/committee minutes) • Evidence of formal review (e.g. management board/committee minutes, document version number and date) • Evidence of communication strategy, possibly covered in strategy document • Examples of dissemination e.g. induction, briefings, awareness sessions, policy and strategy published on intranet, strategic diagnostic questionnaire results • Partnership risk registers

<p>2. The authority has implemented clear structures and processes for risk management which are successfully implemented and:</p> <ul style="list-style-type: none"> • Management board and elected members see risk management as a priority and support it by personal interest and input • Decision making considers risk • A senior manager has been appointed to “champion” risk management • Roles and responsibilities for risk management have been defined • Risk management systems are subject to independent assessment • Risk management is considered in the annual business planning process • Risk management extends to partnership risks 	<ul style="list-style-type: none"> • A Business Risk Group is in place. • The authority works with its insurers to evaluate current arrangements and to manage risk effectively. • Relevant job descriptions outline the responsibility for managing risk, and all Risk Register identify named responsible officers. • Service Plans incorporate sections on Risk which are owned by service managers and staff. • Internal Audit undertaken a regular review of Risk Management arrangements which judged controls to be satisfactory. • All reports include a risk assessment section, and the MTFP includes a financial risk management analysis which is used to inform the level of balances. • In line with all other new initiatives Partnership risks are evaluated as part of the decision whether or not to enter into a particular Partnership. 	<ul style="list-style-type: none"> • Management board/committee minutes • Job descriptions of senior and operational managers and corporate risk manager • Internal audit reports and external audit comments on risk management system • Use of resources, CPA or PPAF review comments on risk management • Annual business plans • Link between internal audit and risk management functions is clearly defined in terms of reference of internal audit • Responsibility for risk management function, including partnership risk management, is set at appropriate senior level • Committee reports setting out options for change include an appropriate risk assessment, including the ‘no change’ option • The corporate business plan and financial plan assess risks as appropriate and in particular take account of new and emerging risks facing the authority • Partnership risks are assessed before agreements are signed
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<p>3. The authority has developed a corporate approach to the identification and evaluation of risk which is understood by all staff.</p>	<ul style="list-style-type: none"> • The Council has in place a Risk Management Strategy. • Awareness of these is developed by training / awareness sessions, and by building the requirement for effective risk management into a range of business critical Council procedures including all Committee Reports, Directorate Performance meetings and the Service Planning process. 	<ul style="list-style-type: none"> • Systematic procedures for risk identification and evaluation have been agreed and published in a policy document and are consistently applied across all business units and partnerships • Examples of dissemination e.g. induction, briefings, awareness sessions, strategic diagnostic questionnaire results
<p>Examples of assurance: (A)</p>	<p>Position at BDC: (B)</p>	<p>Type of Evidence suggested by FAN: (C)</p>
<p>4. The authority has well defined procedures for recording and reporting risk</p>	<ul style="list-style-type: none"> • Strategic Risk Register developed in the light of Service and Partnership Risk Registers. • All Risk Registers are formally reviewed on a quarterly basis. • Quarterly reports to Executive and Audit Committee, supported by formal Risk Registers for all major projects. • Internal Audit Programme based upon independent risk assessment of Chief Internal Auditor. • Most Internal Audit issues are considered as part of the formal response to the Audit report recommendations. More significant issues are incorporated into Action Plans going forward. • In developing the Strategic Risk Register consideration is given to external and wider environmental risks. 	<ul style="list-style-type: none"> • Evidenced by review of risk management strategy and policy • Examination of corporate and partnership risk registers • Key risk indicators have been determined and there is evidence of monitoring against these risks • Evidence of regular and frequent reporting of risk to political and management board level • Evidence of risk based auditing being carried out • Evidence of risks not properly addressed identified in internal audit reports etc being fed into the risk management process • Environmental scanning reports are fed into the risk management process so as to identify new and emerging risks
<p>Examples of assurance: (A)</p>	<p>Position at BDC : (B)</p>	<p>Type of Evidence suggested by FAN : (C)</p>

<p>5. The authority has well-established and clear arrangements for financing risk</p>	<ul style="list-style-type: none"> • Mitigation is applied to all risks until the point at which such mitigation is no longer cost effective. • The Council has an appropriately trained and experienced insurance officer and takes advice from its Insurer and from Independent Insurance Brokers in order to ensure that we comply with best practice and with legal requirements including regular meetings with our insurers. • The Council maintains an Insurance Fund. • The Woolf principles underpin the management of claims which are managed by an external agent. • The Council in conjunction with our Insurers takes steps to mitigate risk in those areas where claims evidence suggests an emerging issue. 	<ul style="list-style-type: none"> • Evidence that the authority's policy for risk financing is regularly reviewed in the light of costs and alternative risk mitigation strategies • All legal requirements for insurance are met • Evidence that self-insurance provisions are subject to annual independent actuarial valuation and that contributions to the fund are adjusted accordingly • Insurance claims being managed in accordance with 'Woolf' principles • Evidence of monitoring the incidence of successful and unsuccessful claims and of feeding the results back into the policy for risk financing accordingly
<p>6. The authority has developed a programme of risk management training for relevant staff</p>	<ul style="list-style-type: none"> • The Council has developed an appropriate Awareness programme in relation to Risk Management for both staff and senior employees with responsibility for Risk. • Risk Management Training was until recently provided by the Council's Insurers as part of the wider contract. • Training requirements in respect of Risk are picked up in appraisals. • Job Descriptions, Person Specification includes coverage of Risk issues. 	<ul style="list-style-type: none"> • Training programme for risk management • Training needs analysis (both specialist staff development and general awareness) • Regular newsletter or other means of communicating risk management issues to staff • Induction programme includes risk management • Appropriate responsibilities for risk management incorporated into job descriptions and appraisals •
<p>7. The corporate risk management board (or equivalent) adds value to the risk management process by:</p> <ul style="list-style-type: none"> • Advising and supporting corporate management 	<ul style="list-style-type: none"> • The Council has a Corporate Business Risk Group in place. • All reports to Executive are first agreed through the Strategic Alliance Management Team. • Avoidable risks are identified up by way of 	<ul style="list-style-type: none"> • Corporate risk management board or equivalent terms of reference • Minutes of corporate risk management board • Reports to corporate management team • Low incidence of avoidable risk events

<ul style="list-style-type: none"> • team on risk strategies • Identifying areas of overlapping risk • Driving new risk management initiatives • Communicating risk management and sharing good practice • Providing and reviewing risk management training • Regularly reviewing the risk register(s) • Coordinating the results for risk reporting • 	<p>both Insurance and Health and Safety statistics, and appropriate remedial action. The Council also receives and acts upon where appropriate evidence of Risk / H&S trends which are arising at other authorities.</p> <ul style="list-style-type: none"> • Regular meetings are held with our Insurers/Insurance Brokers in order to identify any emerging trends. 	<p>occurring</p>
<p>Examples of assurance: (A)</p>	<p>Position at BDC: (B)</p>	<p>Type of Evidence suggested by FAN: (C)</p>
<p>8. A corporate risk officer has been appointed with the necessary skills to analyse issues and offer options and advice and:</p> <ul style="list-style-type: none"> • Support decision making and policy formulation • Provides support in the risk identification and analysis process • Provides support in prioritising risk mitigation action • Provides advice and support in determining risk treatments • Inspires confidence in 	<ul style="list-style-type: none"> • The Director of Corporate Resources is the Corporate Risk Champion at officer level supported by the Business Risk Group. • The responsibilities of the Director are picked up in his appraisal, and attendance at appropriate training courses is required. • We employ external Insurance Consultants to act as advisors on Insurance issues, and work with our consultants and insurers in order to manage risk in line with best practice. • Regular meetings are held with our Insurers/Insurance brokers in order to identify any emerging trends. 	<ul style="list-style-type: none"> • Job description of corporate risk officer • Key task matrix of corporate risk officer • Evidence of the corporate risk officer reporting to corporate management team on risk management issues • Evidence of training on current risk management topics / membership of appropriate organisations (e.g. ALARM) • Use of consultancy as appropriate

managers		
9. Managers are accountable for managing their risks	<ul style="list-style-type: none"> • Managers participate in the Strategic and Business Plan Risk Registers and are responsible for the Service Risk Registers. These are reviewed at Quarterly Directorate Performance meetings. • All Service Risk Registers name risk owners. • Job Descriptions cover responsibility in respect of Risk. • Risk Registers are formally reviewed on at least a quarterly basis. • All Service Risk Registers are analysed for potential inclusion into the Strategic Risk Register as part of the Performance Management Framework. 	<ul style="list-style-type: none"> • Evidence of manager involvement in risk identification and analysis process • Risk owners detailed in corporate /departmental risk register(s) • Risk owners assigned in relation to key partnerships • Job descriptions of managers outline their risk management responsibilities • Evidence of (at least) annual review of risk at service/operational levels and of partnership risks • Analysis of completed control and risk self-assessment questionnaires
10. Risk management is embedded throughout the organisation	<ul style="list-style-type: none"> • The training, processes and procedures of the authority are designed to ensure that risk management is embedded within the organisation. For example all reports now incorporate a section on Risk Management, all Service Plans include a Risk Register, and all major projects require the development of a Risk Register. • Regular reporting on Risk serves to raise awareness. • The authority has not undertaken a strategic diagnostic survey. 	<ul style="list-style-type: none"> • Evidence of a general risk management culture at all levels • Risk management training programme • Evidence of managers involvement in risk management aspects of business planning • Results of strategic diagnostic survey to ascertain the extent to which risk management is understood by each category of officer (senior management, operational managers etc) and members
11. Risks in partnership working are fully considered	<ul style="list-style-type: none"> • All reports considering entering into Partnership arrangements incorporate a section relating to Risk. • All partners have developed their own Risk 	<ul style="list-style-type: none"> • Evidence of risk assessments being undertaken before the commencement of major partnerships, preferably in the report on which the decision to proceed is based

	<p>Register and Risk Management processes.</p> <ul style="list-style-type: none"> The governance / contractual arrangements with all potential partners are reviewed to analyse where the risk of any eventualities would actually fall i.e. on the Council or on the partner. The Partnership arrangements are only agreed after this issue has been given appropriate consideration in the light of the benefits which are likely to arise from that Partnership. 	<ul style="list-style-type: none"> Evidence that risk assessment are regularly reviewed and updated during the partnership period Evidence that potential partners are required to produce and submit risk assessments Evidence that partnership arrangements are reviewed in terms of risk before they are entered into and, subsequently, that the risks are reviewed Evidence that there are effective arrangements in place for risk sharing (e.g. in the partnership contract terms and conditions or agreement)
12. Where employed, risk management information systems meet users' needs	<ul style="list-style-type: none"> Risk Management information is generally maintained on standard Microsoft Office type software. In respect of Insurance claims history etc these are held on the Insurers database. The Insurers analyse for adverse trends, and information is also made available to the responsible officers. Risk Management arrangements are reviewed by the Business Risk Group – which is externally validated – on a bi-monthly basis. 	<ul style="list-style-type: none"> Evidence of risk information being updated promptly Review of accuracy and usefulness of output from information systems Evidence that users were/are consulted on initial implementation and further development Interviews with users to assess suitability of the system for their needs

Objective 3: Identify and evaluate key controls to manage principal risks:

Step 1: In support of objective 3 – The authority has robust system of internal control which includes systems and procedures to mitigate principal risks

Examples of assurance:	Position at BDC	Evidenced by:
1. There are written financial regulations in place which	<ul style="list-style-type: none"> Financial Regulations are incorporated into the Council's Constitution which is reviewed on a 	<ul style="list-style-type: none"> Financial regulations and instructions exist & are reviewed & updated regularly

<p>have been formally approved, regularly reviewed and widely communicated to all relevant staff:</p> <ul style="list-style-type: none"> • Authority has adopted CIPFA code on Treasury Management • Compliance with the Prudential Code 	<p>regular basis.</p> <ul style="list-style-type: none"> • The Constitution is available on an interactive basis on the Council’s website. • The Audit Committee has overall responsibility for the Council’s financial governance and risk management arrangements and receives appropriate reports to enable it to effectively discharge this function. • Treasury Management and Investment Strategy are reported to Council, with appropriate monitoring reports - including an outturn position – being provided. • The authority complies with the Prudential Code and such compliance is assessed as part of the Treasury Management Strategy taken to Council. • The Use of Resources Assessment is no longer undertaken by the Audit Commission. • 	<ul style="list-style-type: none"> • Evidence of formal approval • Examples of dissemination e.g. induction, briefings, awareness sessions, accessible in finance manuals and/or on intranet site • Reports to audit committee or equivalent confirming compliance or identifying extent of non-compliance with regulations and instructions • Report approving annual treasury management and investment strategy • Outturn report on treasury mgt. • External audit assessment of compliance with Prudential Code • Results of Use of Resources (or PURE) assessment of internal control KLOEs
Examples of assurance: (A)	Position at BDC: (B)	Type of Evidence suggested by FAN: (C)
<p>2. There are written contract standing orders in place which have been formally approved, regularly reviewed and widely communicated to all relevant staff</p>	<ul style="list-style-type: none"> • These are included within the Council’s constitution which is available on line. • Council procedures are designed to ensure that officers take appropriate advice in respect of contractual arrangements. • In the light of a critical audit report all senior officers have received formal procurement training during the course of the year. • Internal Audit are currently undertaking a piece of work to check how well contractual arrangements are working in practice. 	<ul style="list-style-type: none"> • Council Procedure Rules exist, are reviewed and updated regularly to cover new procedures such as partnering arrangements and on-line tendering • Evidence of formal approval • Examples of communication and dissemination e.g. induction, briefings, awareness sessions, accessible in finance manuals and/or on intranet site
<p>3. There is a whistle blowing policy in place which has</p>	<ul style="list-style-type: none"> • A Whistleblowing Policy is available within the Employee Handbook, and on the intranet site. It is 	<ul style="list-style-type: none"> • Whistle blowing policy exists and has been reviewed and updated regularly

<p>been formally approved, regularly reviewed and widely communicated to all relevant staff</p>	<p>well publicised to employees.</p> <ul style="list-style-type: none"> • The Council investigates all issues which are raised under the Whistleblowing policy. • Updates on fraud are reported to the Audit Committee. 	<ul style="list-style-type: none"> • Evidence of formal approval • Examples of communication and dissemination e.g. induction, briefings, awareness sessions, accessible on website and intranet site • Evidence of effectiveness of policy (e.g. reports on incidence of usage, evidence on annual declarations on fraud to Audit Commission)
<p>4. There is a counter fraud and corruption policy in place which has been formally approved, regularly reviewed and widely communicated to all relevant staff</p>	<ul style="list-style-type: none"> • A review of the Counterfraud and Corruption Policy was undertaken last year , and it is part of the Council's strong stance against fraud, and its active participation in anti fraud activities. • The Council cooperates fully with a range of agencies including its own Internal Audit, the DWP, and the Audit Commission in order to share information and ensure that all information is appropriately investigated. • The Council reviews its gifts / hospitality registers on a regular basis. 	<ul style="list-style-type: none"> • Counter fraud and corruption policy exists and has been reviewed and updated regularly • Evidence of formal approval • Examples of dissemination (briefings, induction, awareness sessions, accessible on website and intranet site) • Evidence of effectiveness of policy (e.g. reports on identified frauds; annual AF70 returns to Audit Commission, reports on results of National Fraud Initiatives) • Review of register of gifts and hospitality

Examples of assurance: (A)	Position at BDC: (B)	Type of Evidence suggested by FAN: (C)
<p>5. There are codes of conduct in place which have been formally approved and widely communicated to all relevant staff</p>	<ul style="list-style-type: none"> • The Codes of Conduct are available to all Members of staff. HR policies are available on the Intranet. 	<ul style="list-style-type: none"> • Codes of conduct have been agreed, including national schemes (e.g. police officers) • Evidence of formal approval • Examples of dissemination e.g. induction, briefings, awareness sessions, accessible on intranet site
<p>6. A register of interests is maintained, regularly updated and reviewed</p>	<ul style="list-style-type: none"> • Registers of interest are maintained for both Members and Officers. Members and Senior Officers are required to complete a Declaration of Related parties on an annual basis which are considered by External Audit. • Members are reminded of the requirement to disclose any personal and / or prejudicial interest at the outset of all meetings. • 	<ul style="list-style-type: none"> • Inspection of register of interests (members and staff) • Evidence of regular updating and review by senior officer(s)
<p>7. Where a scheme of delegation has been drawn up, it has been formally approved and communicated to all relevant staff</p>	<ul style="list-style-type: none"> • The Scheme of delegation was developed as part of the review of the Constitution, and was approved as part of the approval of the revised Constitution. It is reviewed on an on going basis. • The Scheme of Delegation is set out on the web site. The Monitoring Officer has provided training sessions for all Members and Officers in respect of the Constitution. 	<ul style="list-style-type: none"> • Scheme of delegation incorporates adequate controls and sanctions • Evidence of formal approval • Examples of communication and dissemination e.g. induction, briefings, awareness sessions, accessible on intranet site • Regular reports on the operation of the scheme (e.g. compliance, budget monitoring, year-end balances)
<p>8. A corporate procurement policy has been drawn up, formally approved and</p>	<ul style="list-style-type: none"> • The Council's Joint Procurement Service has a Procurement Strategy in place. • The Strategy and associated operational principles 	<ul style="list-style-type: none"> • Procurement policy exists and has been reviewed and updated regularly to take account of new initiatives e.g. drive towards

<p>communicated to all relevant staff</p>	<p>has been communicated to staff via e mail, by meetings, and by a number of procedure instructions which have been circulated to all staff.</p> <ul style="list-style-type: none"> • The Council participates both at a regional and at a County level on Procurement forums which are intended to promote best practice, and to enable effective benchmarking of products and services. 	<p>wider consortia arrangements, shared services</p> <ul style="list-style-type: none"> • Evidence of formal approval • Examples of dissemination e.g. induction, briefings, awareness sessions, accessible on intranet site • Evidence of effectiveness of policy (e.g. benchmarking results, best value review, internal/ external audit review)
<p>9. Business/service continuity plans have been drawn up for all critical service areas and the plans:</p> <ul style="list-style-type: none"> • Are subject to regular testing • Are subject to regular review 	<ul style="list-style-type: none"> • The Council has developed Business Continuity Plans for all key service areas, which are made available to responsible officers and are reported to staff. • These plans are reviewed on a regular basis, with identified weaknesses being addressed, and progress against agreed actions monitored. 	<ul style="list-style-type: none"> • Current business/service continuity plans exist covering all critical service areas and are readily accessible • Evidence of regular testing • Evidence of regular review in the light of the results of testing and for changes in structures, procedures, information systems, responsibilities etc
<p>10. The corporate/departmental risk register(s) includes expected key controls to manage principal risks</p>	<ul style="list-style-type: none"> • Risk Registers identify key risks, and the controls / actions that are being taken in order to mitigate those risks. • The Council involves all employees in the Risk management process by making Risk Management part of the Service Planning framework. • All identified Risks are assigned to a responsible officer. • Partnership Risk Registers are considered as part of the process of managing the Council's overall Risk exposure. 	<ul style="list-style-type: none"> • Risk register sets out principal risks and sets out appropriate key controls to manage them. • Key controls are monitored, reviewed and updated regularly • Use of risk management workshops to underpin the process and review of register and key controls • Risk owners are assigned to manage principal risks • Partnership risks are considered

Examples of assurance:	Position at BDC	Evidenced by:
<p>11. Key risk indicators have been drawn up to track the movement of key risks and are regularly monitored and reviewed.</p>	<ul style="list-style-type: none"> • Key Risks are set out within the Risk Registers which include details of the key mitigation factors in relation to those risks. • All Risk Registers are formally reviewed by the Business Risk Group on a cyclical basis, when both existing risks are reviewed and new risks are considered for potential inclusion in our Risk Registers. • Risk is a key element of the quarterly performance meetings. 	<ul style="list-style-type: none"> • Appropriate key risk indicators are documented • Evidence of regular monitoring • Evidence of changes in risk indicators (and reasons for change) emanating from appropriate information sources (e.g. where internal audit findings are used to change the perceived level of risk)
<p>12. The authority's internal control framework is subject to regular independent assessment</p>	<ul style="list-style-type: none"> • The authority has in place a system of Internal Audit, with Internal Audit Plans agreed by the S151 officer and Audit Committee, appropriate reports being issued in respect of individual audits, and the Head of Internal Audit providing an annual opinion. • External Audit reports are considered by Members, and where appropriate are included within the Action Plan on Key Issues of Financial Governance which is considered on a regular basis by the Audit Committee. 	<ul style="list-style-type: none"> • Internal audit plans and reports • Annual report/opinion of Head of Internal Audit • External audit reports • Use of Resources/PURE assessment reports

<p>13. A corporate health and safety policy has been drawn up, formally approved, is subject to regular review and has been communicated to all relevant staff</p>	<ul style="list-style-type: none"> • The Council has a Corporate Health and Safety Policy, and is a member of a Joint Service Consortium which provides our Health and Safety service. A Member / Officer / Trade Union Forum discuss Health and Safety on a regular basis. • All Partners and external contractors are required to have an appropriate Health and Safety policy. • The Council's policy and any significant issues are communicated to all employees. • Appropriate training for managers is provided. 	<ul style="list-style-type: none"> • Health & safety policy exists and has been reviewed and updated regularly • Policy covers partnerships • Evidence of formal approval • Examples of dissemination e.g. induction, briefings, awareness sessions, inclusion of policy on website and intranet site • Evidence of effectiveness of policy e.g. number of cases investigated by Health & Safety Executive – and the number of cases proven • Review of number of reported incidences and 'near misses'
<p>14. A corporate complaints policy/procedure has been drawn up, formally approved, communicated to all relevant staff, the public and other stakeholders is regularly reviewed</p>	<ul style="list-style-type: none"> • A Corporate Compliments, Comments and Complaints Procedure is in place managed by Customer Services. • The Procedure is in line with best practice. • The policy is communicated to staff by a variety of mechanisms, including induction, availability on the website, and by the training of all public facing staff who are aware of the requirement to direct any issues or potential issues into the formal complaints procedure. • Publicity is given at all customer access points. • Files and statistics relating to all complaints are maintained, and reported to both senior officers and to Members. Reports are summarised by outcomes. 	<ul style="list-style-type: none"> • Complaints policy/procedure exists and has been reviewed and updated regularly • Procedure is compliant with all relevant statutory requirements • Evidence of formal approval • Examples of dissemination e.g. induction, briefings, awareness sessions, inclusion of policy on website and intranet site • Leaflets/posters highlighting complaints procedure • Complaints files • Committee reports summarising complaints dealt with analysed by outcome

<p>Objective 4: Obtain assurance on the effectiveness of key controls:</p> <p>Step 1: In support of objective 4 – Appropriate assurance statements are received from designated internal and external assurance providers:</p> <ul style="list-style-type: none"> • The authority has identified appropriate sources of assurance • Appropriate external assurances are identified and obtained 		
Examples of assurance:	Position at BDC	Evidenced by:
1. The authority has determined appropriate internal and external sources of assurance	<ul style="list-style-type: none"> • The Assurance Statement will be agreed by relevant Senior Officers, by Executive Members and by the Audit Committee at its meeting on the 21st May. These groups and meetings will consider whether the sources of assurance are appropriate. 	<ul style="list-style-type: none"> • Minutes of committee at which report on assurances was considered • Sources of assurance are appropriate to the authority
2. Appropriate key controls on which assurance is to be given have been identified and agreed	<ul style="list-style-type: none"> • These are identified within the Assurance Statement, and have been considered by appropriate officers. 	<ul style="list-style-type: none"> • Briefing notes, guidance, instructions etc given to appropriate managers regarding what is expected of them
3. Departmental assurances are provided	<ul style="list-style-type: none"> • The Statement will be signed off at SAMT. • Relevant supporting documentation is referred to throughout this Governance assurance statement. 	<ul style="list-style-type: none"> • Departmental heads sign off on adequacy of controls (i.e. provide annual governance assurance statements) • Supporting documentation provided by departmental heads re review and monitoring arrangements that key controls have been in operation for the period and will continue to operate until accounts signed off. <p><i>(Structured process and standard documentation to ensure consistency of coverage and common understanding of level of assurance given)</i></p> <ul style="list-style-type: none"> • Completed Control & Risk Self-Assessment questionnaires • Annual governance assurance statements

		evaluated by officer team or committee charged with the responsibility of preparing the AGS. Evaluation to include 'reality checking' of sample of assurance statements
<p>4. External assurance reports are collated centrally</p> <ul style="list-style-type: none"> • Reports are reviewed by relevant senior management team and reported to appropriate committee • Action plans are prepared and approved as appropriate • Follow up reports on recommendations are requested and reviewed by relevant senior management team and progress is regularly reported to relevant committee 	<ul style="list-style-type: none"> • All reports from external inspection, from Peer review, and internal audit are reported appropriately to senior management and to an appropriate Committee. In the majority of cases the responsible officer is required to ensure that any accepted recommendations are implemented. With respect to the most serious or contentious issues which could potentially impact upon the Council's wider governance arrangements these are incorporated within the Key Issues of Financial Governance Action Plan which is reported to the Audit Committee on a regular basis. 	<ul style="list-style-type: none"> • Sources of external assurance relevant to authority are identified and agreed, including partnerships • External assurance reports will vary according to type of authority and could include comment and input from the following (the list is not exhaustive): • Audit Commission • External Auditor (either from direct audit work or from work jointly commissioned) • Social Services Inspectorate • Use of Resources assessment • PURE assessment (police service) • Best Value Reviews • HMIC • Police Standards Unit • Home Office commissioned reports • Corporate Management Team minutes • Follow up reports to appropriate committee
Examples of assurance:	Position at BDC	Evidenced by:
<p>5. Internal Audit Arrangements</p>	<ul style="list-style-type: none"> • A summary of all Internal Audit reports and their overall conclusion is considered by the Audit Committee. Where the control environment is judged to be marginal or below then the full report is considered. • The Annual Report of the Head of Internal 	<ul style="list-style-type: none"> • Reports of Head of Internal Audit to audit committee or equivalent throughout the year • Annual report of Head of Internal Audit, including opinion on internal control and risk management framework

	Audit is considered by the Audit Committee.	
6. Corporate Governance Arrangements	<ul style="list-style-type: none"> The Annual Governance Statement will be considered by the Audit Committee prior to being published alongside the draft Statement of Acc Other relevant reports will be taken to either the Audit Committee or to Executive/Council where appropriate. 	<ul style="list-style-type: none"> Annual corporate governance assurance statement Internal or external audit review of corporate governance arrangements Monitoring reports to committee on delivery of action plans in response to reviews of corporate governance
7. Performance monitoring arrangements	<ul style="list-style-type: none"> These will be considered by Executive/Council, and reviewed by Scrutiny. 	<ul style="list-style-type: none"> Annual and in-year reports on delivery of key performance indicators by internal and/or external review agencies
<p>Objective 5: Evaluate assurances and identify gaps in control/ assurances:</p> <p>Step 1: In support of objective 5 – The authority has made adequate arrangements to identify, receive and evaluate reports from the defined internal and external assurance providers to identify areas of weakness in controls</p>		
Examples of assurance:	Position at BDC	Evidenced by:
1. Responsibilities for the evaluation of assurances are clearly defined throughout the organisation.	<ul style="list-style-type: none"> The Constitution makes clear the respective role of the Council, the Executive and the role of Audit Committee to act as independent assurance. Relevant officers receive appropriate training in order to ensure that they are in a position to offer appropriate guidance to ensure that the assurance framework is robust. 	<ul style="list-style-type: none"> Minutes of committee meetings Training plans Job descriptions Committee terms of reference
2. Mechanism established for collecting governance assurances	<ul style="list-style-type: none"> The Chief Financial Officer has overall responsibility for gathering the evidence regarding the assurance framework, with 	<ul style="list-style-type: none"> Terms of reference and key responsibilities Record of assurances required and received is held and is complete

<ul style="list-style-type: none"> • Overall responsibility allocated to governance senior officer group • Required assurances are agreed and recorded • Central record of all assurances (either evidence file, or showing clear link to where evidence is held) • Clear guidance as to evaluation procedure including assurance over risks, independence and objectivity of assurances • Defined evaluation mechanism • Timetable for completion by statutory , deadline • Gap assessment – performed and challenged 	<p>the Council having the responsibility for ensuring that an appropriate framework is in place.</p> <ul style="list-style-type: none"> • All evidence re the provision of assurances will be maintained. • The CFO has the role of preparing a draft statement, which is then quality assured and challenged by SAMT, Leading Members and by Audit Committee. • A timetable is in place for the production of the AGS, which allows time for independent review and challenge. 	<ul style="list-style-type: none"> • Approved written guidance re evaluation procedure • Scoring matrix/methodology (<i>Not all assurances are suitable for grading; many will be subjective anyway. Key points are that there is a consistent and reliable assessment process and that the conclusions drawn are in line with the evidence produced</i>) • An agreed timetable, allowing for in-year evidence gathering and assessment and for the period between the year-end and the date of the governance assurance statement (timetable driven by that for the production of the annual statement of accounts) • Gap assessment results and actions arising • Minutes of meetings • Annual report of Head of Internal Audit – including opinion on internal control and risk management framework • Reports of external auditor and other external review agencies
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Objective 6: Action plan to address weaknesses and ensure continuous improvement of the system of corporate governance:

Step 1: In support of objective 6 – There is a robust mechanism to ensure that an appropriate action plan is agreed to address identified control weaknesses and is implemented and monitored

Examples of assurance:	Position at BDC	Evidenced by:
<p>1. An action plan is drawn up and approved</p>	<ul style="list-style-type: none"> • An Action Plan is already in place regarding key weaknesses in the form of the Key Issues of Financial Governance which is updated at all meetings of the Audit Committee. Recommendations of lesser importance are assigned to lead officers to implement. Any issues which emerge from the development of this assurance statement will be treated in a similar fashion. • All significant issues are reported to Audit Committee / Executive / Council and all such meeting are appropriately minuted. • 	<ul style="list-style-type: none"> • Prioritised action plan, setting out actions, responsibilities and timescales, approved at appropriate level • Minutes
<p>2. All actions are 'SMART':</p> <ul style="list-style-type: none"> • Specific • Measurable • Achievable • Realistic • Time-bound 	<ul style="list-style-type: none"> • The Council ensures that all recommended actions accord with the SMART criteria, with officers having appropriate skills to QA. 	<ul style="list-style-type: none"> • Each action on prioritised action plan is compliant with 'SMART' test
<p>3. Actions communicated and responsibilities assigned</p>	<ul style="list-style-type: none"> • Responsible Officers are assigned to all agreed actions. 	<ul style="list-style-type: none"> • Responsibilities for each action are defined in action plan • Evidence of distribution of action plan to those who require it
<p>4. Implementation timescales agreed</p>	<ul style="list-style-type: none"> • Timescales are incorporated into Action Plans and Recommendations. 	<ul style="list-style-type: none"> • Target dates included in action plan

<p>5. Ongoing review of progress and of continuing appropriateness of action</p>	<ul style="list-style-type: none"> • Reviews and Monitoring are built into all Action Plans, with progress reports formally reported to Committee where appropriate. • Agreement to internal audit reports is monitored by Senior Management and by the Internal Audit service. 	<ul style="list-style-type: none"> • Timetabled reviews • Minutes • Progress reports • Internal audit or other review of implementation of agreed actions
<p>Objective 7: Annual Governance Statement:</p>		
<p>Step 1: In support of objective 7 – An Annual Governance Statement has been drafted in accordance with the statutory requirements and timetable set out in the Accounts and Audit Regulations 2003, as revised by the Accounts and Audit (Amendment) (England) Regulations 2006, and is in accordance with CIPFA guidance.</p>		
<p>Examples of assurance:</p>	<p>Position at BDC</p>	<p>Evidenced by:</p>
<p>1. Responsibility for the compilation of the Annual Governance Statement has been assigned to a team drawn from appropriate disciplines and having sufficient seniority</p>	<ul style="list-style-type: none"> • The Team includes a senior governance officer, the S151 Officer, Internal Audit, Scrutiny and Governance. There is also a clear process of consultation to ensure that other relevant parties are consulted. • Meetings are appropriately minuted. 	<ul style="list-style-type: none"> • Documented key responsibilities • Minutes
<p>2. There is an Annual Governance Statement production timetable that meets the statutory deadline</p>	<ul style="list-style-type: none"> • AGS Timetable in place to provide draft AGS to Audit Committee for consideration at its meeting on 21st May 2013 for formal approval on 24 June 2013. 	<ul style="list-style-type: none"> • Annual Governance Statement timetable is linked to that for the preparation of statutory accounts
<p>3. The Annual Governance Statement is reviewed, challenged and approved</p>	<ul style="list-style-type: none"> • The Timetable is designed to allow an adequate process of discussion with Senior Officers, Members and the Audit 	<ul style="list-style-type: none"> • Terms of reference assigned to senior officers group • Annual Governance Statement is compliant with

by the authority	<p>Committee.</p> <ul style="list-style-type: none"> In drawing up the Statement consideration has been given to CIPFA / SOLACE guidance. Minutes of the Consultation with SAMT, Audit Committee will be prepared. 	<p>CIPFA guidance</p> <ul style="list-style-type: none"> Minutes
4. The Annual Governance Statement incorporates all the required elements of the statement on internal control	<ul style="list-style-type: none"> The AGS follows good practice, and will incorporate all required elements of the statement on internal control. The timetable for the production of the AGS has been structured around the Statutory Timetable for Accounts closure. 	<ul style="list-style-type: none"> Format of Annual Governance Statement clearly incorporates required elements of the statement on internal control Annual Governance Statement is prepared by a senior officer group under terms of reference defined by the authority Statutory timetable is followed
Objective 8: Report to Executive / executive committee:		
Step 1: In support of objective 8 – An annual report to the authority (or delegated committee) on the Annual Governance Statement is presented, in accordance with the CIPFA pro forma		
Examples of assurance:	Position at BDC	Evidenced by:
1. Responsibility for reporting is clearly defined	<ul style="list-style-type: none"> The report to the Audit Committee sets out clear roles and responsibilities in this regard. Both the contents of the Governance Statement and the approval channels will be reported to appropriate portfolio members. Should any significant changes be made these will be appropriately reported. 	<ul style="list-style-type: none"> Initial report explaining the requirement to produce an annual governance statement incorporating the SIC should establish the reporting arrangements / responsibilities of all involved and set out who should sign the annual governance assurance statement after approval by the authority or designated committee <p>Reports identifying any changes to initial arrangements</p>
Examples of assurance: (A)	Position at BDC: (B)	Type of Evidence suggested by FAN: (C)
2. The signatories to the	<ul style="list-style-type: none"> The final statement will be signed by the 	<ul style="list-style-type: none"> As above

<p>annual governance statement and SIC are defined and are appropriate in accordance with statutory requirements (i.e. Most senior officer and most senior member of the organisation)</p>	<p>Leader, and the Chief Executive. The AGS will, however, be provided to them with both the outcome of this Assurance Statement and with a memo setting out the processes which have been used to arrive at the AGS including which Members and Officers have been consulted.</p> <ul style="list-style-type: none"> • Appropriate senior officers will 'sign off' a covering memo to the Governance Statement. 	
<p>3. The report is likely to be published in a timely fashion with the statutory accounts</p>	<ul style="list-style-type: none"> • The final agreed version of the AGS will be published alongside the draft Statement of Accounts which will be considered by Audit Committee on the 24 June. 	<ul style="list-style-type: none"> • Assessment of the current position in relation to the statutory deadline

APPENDIX 4; Key Elements of the Systems and Processes of a Governance Framework

(Extracted from CIPFA/SOLACE Delivering Good Governance in Local Government 2012)

Key elements of the systems and processes that comprise an authority's governance include arrangements for:

- **identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users**

See FAN Assurance Objective 1 Statement Step 2.

- **reviewing the authority's vision and its implications for the authority's governance Arrangements**

See FAN Assurance Objective 1 Statement Step 2.

- **translating the vision into objectives for the authority and its partnerships**

See FAN Assurance Statement Objective 1 Step 2.

- **measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources and value for money**

See FAN Assurance Statement Objective 1 Step 4.

- **defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements**

See FAN Assurance Statement Objective 1 Step 3.

- **developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff**

See FAN Assurance Statement Objective 1 Step 2.

- **reviewing the effectiveness of the authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality**

See FAN Assurance Statement Objective 1 Step 2, 3, 4.

- **reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability**

See FAN Assurance Statement Objective 2

- **ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained**

The Council has in place an established Anti Fraud, Bribery and Corruption Policy (Including Money Laundering Policy) which was reviewed and approved in the summer of 2012. Regular updates are taken to the Audit Committee.

See FAN Assurance Statement Objective 3 Step 2

- **ensuring effective management of change and transformation**

The Council has in place a suitably qualified management team which has over the 2012/13 financial year secured financial savings approaching £1m, delivered a major regeneration project which has included moving its administration centre from Bolsover to Clowne, continued to deliver an effective Strategic Alliance for joint working with North East Derbyshire and has progressed plans to ensure improvements in the Council's Governance arrangements.

Objective 3

- **ensuring the authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) and, where they do not, explain why and how they deliver the same impact**

The Council has in place an experienced, qualified accountant as Chief Financial Officer and complies with the requirements of the CIPFA statement.

- **ensuring the authority's assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why and how they deliver the same impact**

The Authority is fully compliant with the CIPFA statement having a qualified Head of Internal Audit and sufficient resources to deliver audit plan.

- **ensuring effective arrangements are in place for the discharge of the monitoring officer function**

The Council has in place a monitoring officer who is experienced in that role, is a qualified lawyer and is head of the Council's legal service.

- **ensuring effective arrangements are in place for the discharge of the head of paid service function**

The Chief Executive is the Head of Paid Service. He is experienced in that role and is a qualified accountant.

- **undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees: Practical Guidance for Local Authorities**

There is an established Audit Committee in place which meets 6 times a year. Its role is set out within the Council's Constitution and it conforms to the requirements of the CIPFA guidance. The Audit Committee will be self assessing its performance against the relevant sections in the CIPFA / SOLACE publication "Delivering Good Governance in Local Government"

- **ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful**

Our compliance with this requirement is considered in the self assessment outlined in Appendix 3 to this report

- **whistleblowing and for receiving and investigating complaints from the public**

The Council has a whistleblowing charter in place which applies to Employees, Elected Members, the public and external contractors.

- **identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training**

The Council has recently taken a decision to upgrade its Member Development Programme. This will ensure that existing Member Development arrangements are undertaken in a more systematic fashion and will provide an assessment of their effectiveness in practice. Senior Officers are suitably qualified, are provided with appropriate training and the Council operates an appraisal scheme. The Council is in the process of developing joint senior management forum arrangements with North East Derbyshire its Strategic Alliance partner. The Council is accredited under IIP which assesses – amongst other things – staff training arrangements.

- **establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation**

Objective 1 The Council has held full Customer service Excellence status for three years and continues to develop its services to customers through effective consultation, communication and establishment of clear service standards

- **enhancing the accountability for service delivery and effectiveness of other public service providers**

The Council has well established relationships with other providers of public services including having a senior Health officer on its Management Team, together with a joint programme of promoting active lifestyles. Regular meetings take place with senior officers of the County Council and with neighbouring District Council's. A regular Parish Liaison meeting is held and the Council has good

working relationships with all local parish councils. Finally, the Council has good working arrangements with the Department for Work and Pensions and with Job Centre plus. Appropriate joint service initiatives – including shared services are promoted. In addition to maintaining its good working relationship with other local authorities the Council is seeking to secure further improvements in its relationship with the private sector as it recognises that a prosperous local economy lies at the heart of achieving its own priorities. To support its economic development initiatives the Council is an active Member of the Sheffield City Region Local Economic Partnership and is a member of the N2D2 LEP which covers Nottinghamshire and Derbyshire.

- **Incorporating good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements.**

Our compliance with this requirement is considered in the self assessment outlined in Appendix 3 to this report.

DRAFT MEMORANDUM TO THE SIGNATORIES OF THE ANNUAL GOVERNANCE STATEMENT

You will be aware that in line with the requirements of the Accounts and Audit (Regulations 2011 and associated good practice guidance that all local authorities are required to prepare as part of the preparation of the Annual Accounts an "Annual Governance Statement". At the heart of the Annual Governance Statement is a requirement to reflect how the Council conducts its business, both internally and in its dealing with others. In line with good practice it is appropriate that the Leader and the Chief Executive be required to sign off the Governance Statement, with the signed copy appearing alongside the Council's Published Accounts.

As the Chair of the Audit Committee and the Council's Responsible Financial and Legal officers we have given appropriate consideration to the Governance Statement that is attached, and we are satisfied that it meets the requirements of the above legislation, and that it gives the reader a true and fair view of the current position within Bolsover District Council. In arriving at this statement we have taken into account the available evidence, and have put in place appropriate mechanisms to allow informed challenge of this document to take place.

In particular we have placed reliance on the following:

- We have developed an Assurance Statement which follows the model set out within the Rough Guide for Practitioners produced by the CIPFA Finance Advisory Network. This Guidance which is now some 5 years old has been supplemented by a consideration of the requirement of the CIPFA / SOLACE publication Delivering Good Governance in Local Government (2012).
- We have considered all of the findings or outcomes of the reports presented by the Audit Commission and KPMG (our External Auditors), by other external inspections or by Peer Review, and from Internal Audit. Where these reviews have resulted in an unfavourable conclusion this has been taken forward by inclusion in the Key Issues of Financial Governance report which is presented to all routine meetings of the Audit Committee.
- The Governance Statement that is presented here has been compiled by the Director of Corporate Resources (S151 Officer) and has been commented on by a number of senior Council Officers.
- The contents of the Governance Statement have been agreed with the Strategic Alliance Management team.
- Portfolio Members of the Executive have been provided with the opportunity to comment.
- The statement was agreed by the Council's Audit and Corporate Governance Committee at its meeting of 26 June 2013.

In the light of the above we consider that it is reasonable to request that you sign the attached Governance Statement. We are satisfied that the contents of the Governance Statement are supported from the evidence collected within the Assurance Statement, and is in line with the issues identified in the Key Issues of Financial Governance Statement. Furthermore, we believe that the Statement has been appropriately prepared by Council officers, and that it has been through a range of challenge mechanisms which ensure that there is effective corporate ownership of the Statement.

John Yates
Chair of the Audit Committee

Bryan Mason
Director of Corporate Resources and
S151 Officer

Sarah Sternberg
Monitoring Officer

Committee:	Audit Committee	Agenda Item No.:	8.
Date:	21 st May 2013	Status	Open
Subject:	Key Issues of Financial Governance		
Report by:	Director of Corporate Resources		
Other Officers Involved	Assistant Director Finance and IT		
Director	Director of Resources		
Relevant Portfolio Holder	Councillor E. Watts, Leader of the Council.		

RELEVANT CORPORATE AIMS

STRATEGIC ORGANISATIONAL DEVELOPMENT – to continually improve the efficiency and effectiveness of all Council Services by maximising the potential use of Council resources.

TARGETS

All.

VALUE FOR MONEY

Effective financial governance arrangements are a key element in securing value for money across all Council Activities.

Executive Summary:

1. The Key Issues of Financial Governance report is intended to track progress in the implementation of previous recommendations from both External and Internal Audit and to inform the Audit Committee of progress in addressing those recommendations. It constitutes a standing item on all agendas of the Audit Committee.

Key Issues of Financial Governance – Main Report

2. The purpose of this report is to update Members of the Audit Committee with progress against the major issues where further progress or ongoing monitoring is required. In particular the report outlines issues raised by both External and Internal Audit in order to monitor progress in resolving any issues that have been identified and for evaluating the overall progress of the Council's financial governance arrangements. Within the body of the report officers have set out four issues which have been agreed by previous

meetings to this Audit Committee to constitute Strategic Issues of Financial Government.

3. In addition to the Strategic Issues which are outlined below the External Auditor reports raise a number of issues of detail and progress against these detailed recommendations is tracked in Appendices 1 and Appendix 2 to this report. The two appendices set out the detailed recommendations which were made by the Council's External Auditors in their Annual Governance Letter of September 2012, the Annual Audit Letter of October 2012, and the Interim Governance Report of June 2012. Issues within the Interim Governance Report and the Annual Governance Report will be marked as completed within the Appendices as they are resolved.
4. With regard to the Strategic Issues which are summarised below the table provides an outline of the issue and an update of the current position. Given that these are Strategic Issues the responsibility for addressing them rests with the Director of Corporate Resources and other Members of SAMT. Resolution of the issues is also dependent upon securing the support of elected Members. The appropriate role for the Audit Committee would appear to be that of monitoring and evaluating progress and where appropriate securing further action from officers.

Issue Raised	Progress to date including target dates.
1. Take effective steps to balance the Council's budget over the period of the Medium Term Financial Plan.	Current indications are that the Council will achieve its full targeted level of savings of some £0.975m in respect of the current financial year (2012/13), which will mean that no call on General Fund balances will be required in order to balance the budget. For 2013/14 there is an overall savings target of £0.884m of which some £0.615m has been identified with the measures to secure these savings currently in the process of implementation. A report on progress to date will be taken to Executive in June. With respect to the residual amount of £0.269m it is proposed the options to address this shortfall are managed by developing a package to secure both the £0.269m together with the financial shortfall of some £0.724m with respect to 2014/15. A savings strategy is planned to be agreed for implementation during the summer of 2013.
2. To secure further improvements in financial reporting with respect to the Council's published accounts.	The Council has improved the quality of its financial accounts as demonstrated in the Annual Governance Report for 2011/12. The improvements secured in 2011/12 will provide a firm foundation for further improvements. A number of improvements have been delivered by the Accountancy Section and work is now underway to prepare the 2012/13 Statement of Accounts.
3. The Council's financial management arrangements need to improve in areas such as budget management and monitoring, budgetary control by costs centre managers, reconciliations and financial reporting of the budget and major projects to Members.	<p>The Council has managed its budgets well during 2012/13 with effective financial management being supported by regular and timely quarterly monitoring reports. These reports cover the General Fund, HRA, Capital and Treasury Management activity in an integrated manner to provide an overall position statement for Members. Outside of these reports regular Medium Term Financial Plan updates are submitted to Members tracking the progress made by the Council against savings targets and individual work streams.</p> <p>To improve budgetary control arrangements officers have commenced quarterly Performance, Risk and Finance monitoring meetings with each Directorate where key managers discuss the year to date information presented.</p> <p>The Accountancy Section has:</p> <ul style="list-style-type: none"> • Undertaken an early budget review for 2012/13

	<ul style="list-style-type: none"> • Introduced a new approach to budget preparation with cost centre managers • Improved processes for monitoring the use of grants and reserves. • Introduced a savings log to record progress achieved against targets. • Introduced a new form for budget transfers (virement). The authorisation of any budget transfer is only undertaken by the Chief Accountant and the Assistant Director of Corporate Resources. • Commissioned new financial reports from the Financial Management System that enable multi-year reports on budgets to be run that inform and control the three year MTFP. • Undertaken a redistribution of tasks and responsibilities within the Section coupled with the secondment of a member of staff from NEDDC accountancy section. • The Capital Accountant has maintained close monitoring of the capital programme which should ensure that all capital expenditure transactions are correct for 2012/13 <p>The timeliness of reconciliations has been a target improvement during the year however this has been secured against a background of changing financial systems with more complex requirements and pressure on staff resources which has resulted in a limited number of reconciliations not being completed in line with agreed timescales. Senior management has taken action to address the limited number of incidences as a matter of urgency.</p> <p>Any major projects will be subject to approval of a detailed business case which will be appropriately reported to Executive/Council.</p>
<p>4. To improve the Council's Internal Control arrangements, and to strengthen the culture of financial management and budgetary control across the authority.</p>	<p>This Key Issues of Financial Governance report, together with reports from Internal and External Audit should enable the Audit Committee to monitor the progress that is being made in respect of securing improvements in our internal control arrangements. The Directors are required to report back to the Audit Committee on a regular basis concerning Internal Audit reports.</p>

	<p>The second part of this item re the culture of financial management and budgetary control is covered through the actions detailed in the section above. These measures introduced by the Accountancy Section during the year have all had a positive impact on improving the culture of financial management and budgetary control of the organisation.</p> <p>The regular staff bulletins and road-shows from the Chief Executive all go to reinforce the financial management arrangements and keep staff informed of the Council's financial position.</p>
<p>5. To ensure that issues around the Council's contractual arrangements are resolved and that good quality arrangements remain in place.</p>	<p>A working group of officers has been established to improve co-ordination between departments and to monitor progress. Details of creditor payments over £500 are being actively monitored. Overall the Council is making good progress in addressing these issues. Internal Audit will review the position in respect of 2012/13 in June 2013.</p>

Recommendations:

6. It is recommended that Audit Committee considers
 - (i) the Strategic Issues of Financial Governance as set out in the table contained within the main body of the report
 - (ii) the more detailed issues raised by External Audit as set out within the attached Appendices'
- and raises any issues of concern which it may have with progress to date.

Reasons for Recommendations

7. To allow the Audit Committee to consider the progress that has been secured in improving the Council's financial governance arrangements.

Director of Corporate Resources

May 2013.

APPENDIX 1
PROGRESS IN RESPECT OF ISSUES ARISING FROM THE ANNUAL GOVERNANCE REPORT 2011/12

Recommendation 1	
Review arrangements for monitoring delivery by external contractors to ensure that controls are appropriate to the level of risk.	
Responsibility	Director of Corporate Resources
Priority	High
Date	September 2012
Comments	This is included as one of the Strategic Issues within the main body of the report. The issues identified within the report which arose in respect of 2011/12 are now either resolved or in the process of resolution. Given the time required to procure alternative arrangements some of the Council's longer term reforms will not be in place until April 2013, however, in these cases appropriate interim measures have been put in place. The position in respect of 2012/13 will be addressed by the employee training programme which was completed in Autumn 2012, monitoring items of expenditure over £500 (to be undertaken on a quarterly basis) by the Corporate group which has been established to monitor contractual arrangements, and by a further Internal Audit review of this area of work which will be undertaken at the end of the current financial year.

Recommendation 2	
Ensure the contingent liabilities memo is circulated and responses noted as standard part of accounts preparation processes.	
Responsibility	Asst Director Finance and IT
Priority	High
Date	30 th September 2012
Comments	This action has been completed. This will be addressed by inclusion within the accounts closedown timetable in respect of 2012/13.

Recommendation 3	
Ensure that the Housing property by property records are sufficiently robust to support your accounting treatment in future years and that total capital expenditure as recorded in the ledger can be reconciled to total expenditure per Housing records.	
Responsibility	Asst Director Finance and IT / Principal Accountant
Priority	Medium
Date	Ongoing to March 31 st 2013
Comments	The final accounts for 2011/12 highlighted that the housing capital expenditure records do not provide adequate detail to meet the requirements of current accounting standards. Changed procedures have been introduced to ensure full compliance in 2012/13 and future years.

Recommendation 4	
Ensure staff in all departments are trained to code invoices correctly.	
Responsibility	Director of Corporate Resources
Priority	High
Date	November 2012
Comments	<p>The Accountancy Section has provided ongoing guidance and advice to cost centre managers during 2012/13 regarding the coding of invoices. To improve the guidance and support offered to cost centre managers the duties of the individual employees of the Accountancy Team have been redistributed. This coupled with the improved budgetary control arrangements maintained from the Accountancy Section have identified particular areas where invoice coding was an issue.</p> <p>The early review of budgets by the Accountancy Section resolved a number of issues surrounding repairs and maintenance budgets and where coding of revenue expenditure against capital budgets had taken place. The continual application of these controls and the removal of certain capital budgets have improved the position within the Council.</p>

Recommendation 5	
Update your instructions to the Valuer for 2012/13 to specify the approach to DRC to be adopted	
Responsibility	Asst Director Finance and IT / Principal Accountant
Priority	High
Date	October 2012
Comments	The Valuation Instruction was sent in October 2012 and discussion with the valuer has been undertaken to ensure that the approach adopted is appropriate.

Recommendation 6	
Further develop your approach to the calculation of impairment allowances by including collection rates in your assessment of the likelihood of collection.	
Responsibility	Asst Director Finance and IT / Chief Accountant
Priority	Medium
Date	Ongoing to March 2013
Comments	The Council will consider its approach to setting an appropriate doubtful debt provision as part of the final accounts process for 2012/13.

Recommendation 7	
Train all departmental staff in the importance of adhering to budgetary control processes.	
Responsibility	Senior Finance Team
Priority	High
Date	November 2012
Comments	<p>The changes introduced during the year by the Accountancy Section have ensured that budgetary control is improved throughout the Council. In particular the following controls and actions have been introduced:</p> <ul style="list-style-type: none"> • Undertaken an early budget review for 2012/13 • Introduced a new approach to budget preparation with cost centre managers • Improved processes for monitoring the use of grants and reserves. • Introduced a savings log to record progress achieved against targets. • Introduced a new form for budget transfers (virement). The authorisation of any budget transfer is only

	<p>undertaken by the Chief Accountant and the Assistant Director of Corporate Resources.</p> <ul style="list-style-type: none"> • Commissioned new financial reports from the Financial Management System that enable multi-year reports on budgets to be run that inform and control the three year MTFP. • Undertaken a redistribution of tasks and responsibilities within the Section coupled with the secondment of a member of staff from NEDDC accountancy section. • The Capital Accountant has maintained close monitoring of the capital programme which should ensure that all capital expenditure transactions are correct for 2012/13 • Introduced quarterly Performance, Risk and Finance meetings with key managers of each Directorate • Re-commenced the Capital Monitoring Group
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Recommendation 8	
Ensure authorisation of the use of reserves is formally controlled.	
Responsibility	Senior Finance Team
Priority	High
Date	Ongoing
Comments	The Use of Reserves and holding accounts to finance in year revenue expenditure was identified as an issue during the 2011/12 accounts closedown process. The Accountancy Section took action to ensure that these transactions were correctly recorded in the final accounts. Our improved financial monitoring and authorisation procedures should effectively remove this risk with respect to the 2012/13 accounts.

Recommendation 9	
Continue to monitor implementation of agreed recommendations from our interim governance report for 2011/12 via the Key Issues of Financial Governance Report.	
Responsibility	Director of Corporate Resources
Priority	High
Date	Ongoing
Comments	The Key Issues of Financial Governance report is a standing item on the agenda of the Audit Committee and progress against these issues were originally reported to the Audit Committee meeting in June 2012 will continue to be monitored until the recommended actions are completed.

Recommendation 10	
Review management response to governance of contracts report and monitor implementation of agreed actions.	
Responsibility	Director of Corporate Resources
Priority	High
Date	September 2012
Comments	This will be monitored by way of the Key Issues of Financial Governance report, supported by the involvement of the Director of Corporate Resources in the officer contract manager group.

Recommendation 11	
Ensure all relevant information is considered when reviewing sources of evidence to support the annual governance statement	
Responsibility	Director of Corporate Resources
Priority	High
Date	March – May 2013
Comments	This will be reviewed as part of the preparation for the Published Accounts in respect of 2012/13.

Recommendation 12	
Monitor management response to virement and ordering process issues raised by Internal Audit.	
Responsibility	Senior Finance Team
Priority	High
Date	Ongoing
Comments	Budget Transfers (Virement) are now only allowed on the basis that they have been authorised by Senior Finance Officers and relevant cost centre/department managers.

Recommendation 13	
Update the related party transactions note to include more detailed information.	
Responsibility	Asst Director Finance and IT / Chief Accountant
Priority	High
Date	September 2012
Comments	The Statement of Accounts 2011/12 was updated to incorporate this more detailed information. Future year procedures will be amended in line with those utilised in 2011/12.

Recommendation 14	
Ensure the detailed rent arrears report is run at the year end and retained until the audit process is complete	
Responsibility	Chief Accountant / Principal Accountant / Housing Officers
Priority	High
Date	To be actioned 31 st March 2013
Comments	The requirement to collect and maintain this information will be incorporated into the Close Down Timetable in respect of the 2012/13 Accounts.

Recommendation 15	
Train departmental staff to ensure that standards of documentation retained are sufficient to support items included in your statements of account.	
Responsibility	Senior Finance Team
Priority	High
Date	Ongoing during 2012/13
Comments	As the closedown of accounts for 2012/13 are prepared the Accountancy Section will obtain appropriate working papers from departments to support items included in the Statement of Accounts.

Recommendation 16	
Review your approach to submitting data on RO / CIPFA forms. This should allow more meaningful use of comparative benchmarking data to feed into evaluation of options, and plans for efficiency savings. (repeat recommendation)	
Responsibility	Senior Finance Team / Principal Accountant
Priority	High
Date	September 2012
Comments	The review has already been undertaken in respect of the data provided within the 2011/12 RO forms and the 2012/13 RA returns. The RA and RO forms are cleared by the Assistant Director of Corporate Resources before submission.

Recommendation 17	
Continue to monitor implementation of agreed vfm recommendations from our interim governance report for 2011/12 via the Key Issues of Financial Governance Report	
Responsibility	Director of Corporate Resources
Priority	High
Date	Ongoing
Comments	These agreed recommendations will be incorporated within the Key Issues of Financial Governance Report and will be retained on that report until the Audit Committee agrees that the underlying issue has been resolved.

APPENDIX 2**PROGRESS IN RESPECT OF ISSUES ARISING INTERIM GOVERNANCE REPORT JUNE 2012**

Recommendation 1 – Completed	
Ensure progress on implementing all relevant recommendations is reported in the Key Issues of Financial Governance report to Audit Committee.	
Responsibility	Director of Corporate Resources
Priority	High
Date	In place since October 2011 and ongoing.
Comments	The Key Issues of Financial Governance is now a standing item on all Audit Committee agendas.
Recommendation 2 – Completed	
Review the accounting treatment of Creswell Leisure Centre in the 2011/12 statements of account and consider the implications, if any, for the 2010/11 statements of account	
Responsibility	Asst Director / Chief Accountant
Priority	High
Date	June 2012
Comments	This issue has been given appropriate consideration and resolved as part of the closure of the 2011/12 accounts. In the view of officers there is clear evidence to support the view that the Council is the beneficial owner of the asset concerned.
Recommendation 3 – Completed	
Carry out a review of your property records to ensure that your assets are correctly recorded and accounted for.	
Responsibility	Chief Accountant / Principal Accountant
Priority	High
Date	June 2012
Comments	This work has been undertaken as part of the process of closing the Council's accounts in respect of 2011/12. Further work will be undertaken over the course of the current financial year to continue the process of quality assuring the Council's asset records.

Recommendation 4 – Completed	
Report the HRA reform related overnight counterparty limit breach to members.	
Responsibility	Director of Corporate Resources
Priority	High
Date	September 2012
Comments	This was reported to Members as part of the Treasury Management Outturn report in respect of 2012. The issue concerned arose specifically in relation to the HRA reform arrangements and is unlikely to reoccur.
Recommendation 5	
Include reports on the progress on recovery of your Icelandic Investments in treasury management reports to members.	
Responsibility	Director of Corporate Resources
Priority	High
Date	September 2012 – Ongoing
Comments	The position was clearly set out within the Council's Accounts in respect of 2011/12. Further detailed reports have been provided as part of the monitoring reports in respect of the Council's Treasury Management Strategy.
Recommendation 6	
Ensure material control account reconciliations are performed promptly at least monthly and are subject to independent evidenced review.	
Responsibility	Chief Accountant / Senior Accountancy Assistant
Priority	High
Date	Currently in place and ongoing
Comments	The Council's major reconciliations have been maintained throughout the close down period when workloads are at their most challenging. Further work is planned to improve the quality and to simplify the full range of Council reconciliations. Given pressures of work on staff and in particular work around the implementation of new systems which required the development of revised reconciliation procedures progress on improving the presentation has been slower than was envisaged.

Recommendation 7 – Completed	
Perform the more detailed creditors control account reconciliation as part of routine month end procedures.	
Responsibility	Chief Accountant / Senior Accountancy Assistant
Priority	High
Date	Currently in place and ongoing
Comments	This reconciliation has been reviewed and improved and is considered to be fit for purpose.
Recommendation 8 – Completed	
Act promptly on any future separation of duties issues reported to you.	
Responsibility	Director of Corporate Resources
Priority	High
Date	Ongoing
Comments	Any future separation of duties issues will be managed appropriately.
Recommendation 9 – Completed	
Ensure independent authorisation of the daily investment and borrowing sheets as part of your routine treasury management processes.	
Responsibility	Assistant Director / Principal Accountant (HRA – Capital)
Priority	High
Date	In place and ongoing
Comments	Controls are now in place.
Recommendation 10 – Completed	
Review the design and operation of treasury management controls as a matter of urgency.	
Responsibility	Assistant Director / Principal Accountant (HRA – Capital)
Priority	High
Date	In Place (Completed Sept 2012)
Comments	Controls are now in place.

Recommendation 11 – Completed	
Ensure staff performing reconciliations understand the processes they are undertaking and the need to report any breaches to more senior staff immediately.	
Responsibility	Director of Corporate Resources / Asst Director
Priority	High
Date	In place and ongoing.
Comments	Senior Officers have worked with staff to ensure they understand the processes being undertaking.
Recommendation 12 – Completed	
Update the schedule of control account reconciliations to include all control account reconciliations required.	
Responsibility	Chief Accountant / Senior Accountancy Assistant
Priority	High
Date	In place and ongoing.
Comments	Completed.
Recommendation 13 – Completed.	
Consider introducing checks of the rents uprating process prior to loading into Academy.	
Responsibility	Asst Director / Principal Accountant (HRA – Capital)
Priority	Medium
Date	1 st Quarter 2013
Comments	This has been undertaken as part of the budget and rent setting process for 2013/14.
Recommendation 14 – Completed	
Consider introducing checks of the benefits uprating process prior to loading into Academy	
Responsibility	Asst Director (Customer Services / Revenues) / Benefits Manager
Priority	High

Date	1 st Quarter 2013
Comments	A sample of transactions will be independently checked as part of the benefits uprating process in respect of 2013/14.
Recommendation 15 – Completed	
Review the items included in the HRA special services line against SERCoP and Code of Practice requirements.	
Responsibility	Chief Accountant – Principal Accountant (HRA – Capital)
Priority	High
Date	June 2012 ongoing
Comments	This has been undertaken as part of the accounts closure process in respect of the 2012/13 financial year.
Recommendation 16 – Completed	
Review all grants received in 2011/12 against Code of Practice Requirements	
Responsibility	Chief Accountant / Principal Accountant (x2)
Priority	High
Date	June 2012
Comments	This has been undertaken as part of the accounts closure process.
Recommendation 17 – Completed	
Ensure balance sheet disclosures are supported by a consideration of the relevant conditions or restrictions relating to amounts received.	
Responsibility	Assistant Director / Chief Accountant
Priority	High
Date	June 2012
Comments	This has been undertaken as part of the accounts closure process.
Recommendation 18	
Review the approach to the bank reconciliation process.	
Responsibility	Assistant Director / Chief Accountant
Priority	High

Date	June 2012 and ongoing
Comments	The approach has been reviewed and officers are of the view that the current reconciliation does verify the financial ledger to the bank account. The review did, however, conclude that the reconciliation used was overly complex and in need of simplification. Officers are seeking to introduce a revised reconciliation process. The implementation of other financial systems has delayed the planned work in this area.
Recommendation 19 – Completed	
Review the approach to the payroll reconciliation process.	
Responsibility	Assistant Director / Chief Accountant
Priority	High
Date	June 2012 initial / Completion December 2012
Comments	While Officers accept that the current payroll reconciliation is complex it is considered to achieve its purpose. A further review will be undertaken during 2012/13 in order to secure a simplification of the current reconciliation. Complete.
Recommendation 20	
Review the use of the Academy costing system to identify whether this is a productive use of staff time.	
Responsibility	Chief Accountant – Principal Accountant (HRA – Capital)
Priority	Medium
Date	December 2012
Comments	Officers will review the current process to consider whether the value of the management information produced justifies the level of work required to provide the information. Still Outstanding
Recommendation 21 - Completed	
In agreeing the new approach to managing member conduct:	
<ul style="list-style-type: none"> ■ clarify the approach to the use of the other action option throughout the process ■ improve the clarity of decision notices where appropriate to explicitly state that there has been breach of the code. 	

Responsibility	Solicitor to the Council (Monitoring Officer) / Deputy Monitoring Officer
Priority	Medium
Date	Sept 2012
Comments	The revised procedures for member's code of conduct and dealing with allegations of breach are being determined at the moment in line with good practice and having taken soundings from other Monitoring Officers in Derbyshire. The system will not include "other action" as this was a part of the old statutory system which ended in June 2012. In relation to decision notices, we are able to design our own (rather than relying on those dictated to us) and will therefore make them as clear as possible to those receiving them.
Recommendation 22	
<p>In considering major projects in the future, ensure that:</p> <ul style="list-style-type: none"> ■ risk management of major projects is linked to the formal risk management framework and is an integral part of reporting to members and identifies the potential implications and how these are being mitigated. ■ sufficient financial information is made available to members at each stage of the decision making process. Where commercial sensitivity exists ensure that the information is presented in a way that protects sensitive data whilst still providing members with sufficient information to enable them to make informed decisions. ■ In considering the achievement of VFM and best value ensure that: <ul style="list-style-type: none"> ■ net rather than gross benefits are considered; and ■ sufficient work is done at the initial options appraisal to demonstrate that the preferred option does present best value. 	
Responsibility	Director of Corporate Resources / Senior Alliance Management Team
Priority	High
Date	Ongoing, in respect of future projects.
Comments	The Council will continue to seek to ensure that Members receive appropriate advice concerning major projects. This will be undertaken as part of the strategic objective of improving the quality of the Council's financial reporting.

Committee:	Executive	Agenda Item No.:	13
Date:	14 th May 2013	Status	Open
Subject:	Strategic Risk Register		
Report by:	Director Corporate Resources		
Other Officers Involved	Business Risk Group		
Director	Director of Resources		
Relevant Portfolio Holder	Councillor E. Watts, Leader of the Council.		

RELEVANT CORPORATE AIMS

STRATEGIC ORGANISATIONAL DEVELOPMENT – to continually improve the efficiency and effectiveness of all Council Services by maximising the potential use of Council resources.

TARGETS

All.

VALUE FOR MONEY

Risk Management arrangements are a key part of the Council's Governance arrangements which are necessary to secure value for money.

Background Information

The Council's Strategic Risk Register has been developed by the Risk Management Group to take into account the issues raised within the Master Risk Register which outlines the service or operational risks faced by the Council. The Risk Management Group has also given separate consideration to the Strategic Risks which face the organisation.

In addition to the work undertaken at the Business Risk Group the Council also considers the issue of Risk Management at the Quarterly Directorate meeting. This allows senior managers to have a greater level of input into the shaping of the Strategic Risk Register and into the wider issues of Risk Management. It also allows service Registers to be independently reviewed on a more regular basis than was achieved by periodic review at the Business Risk Group. Finally, this report will also be considered at a future meeting of the Council's Audit Committee.

In its approach to Risk Management the Council is seeking to secure a number of objectives and to operate in line with recognised best practice. In

order to appreciate the importance of Risk Management it is useful to reiterate these objectives:

- To improve the way in which the Council manages its key risks so as to reduce the likelihood of them happening, and to mitigate their impact or magnitude in those cases where they do materialise. This is a key element in protecting service delivery arrangements, the financial position and the reputation of the Council.
- To strengthen the overall managerial approach of the Council. From a Governance perspective the effective operation of Risk Management is regarded as being a key element of the managerial framework operating within an authority.
- Effective Risk Management is a key component in ensuring that organisations are able to achieve their objectives, and that key projects proceed in line with plan.
- The identification of the risks attached to existing service delivery, or to a project or new initiative is important both to allow a fully informed decision to be made, and to ensure that all appropriate measures to mitigate (or reduce) the risk are in place from the outset.
- Finally, an appreciation of the risk environment within which the Council operates assists in determining an appropriate level of financial reserves for sound financial management, and ensures that the organisation has a better awareness of its overall risk exposure.

The Strategic Risk Register

The revised Strategic Risk Register as at 31 March 2013 is set out in **Appendix 1** for consideration and approval by Executive. The intention is that this review of the Register will secure the following objectives:

- Identify any newly emerging risks which need to be added to the Register and removing any risks that have been resolved. An on going review of the Strategic Risk Register ensures that a focus is maintained on current risks.
- Revising the Risk Register ensures that existing risks are reviewed, that appropriate mitigation remains in place, and where necessary risk assessment is revisited.
- The process also allows appropriate consideration to be given to the success of existing mitigation, and to the issue of whether any further mitigation is required.

- The Strategic Risk Register as set out in **Appendix 1** is structured so that those risks with the highest risk score are detailed first.

In overall terms a key element which emerges from the Strategic Risk Register is one of an ongoing requirement to maintain our current performance in respect of service delivery, performance and governance to local residents. The current position, however, needs to be maintained at a time when it will be increasingly necessary to manage the Council's finances in a more pro active way in order to ensure that our expenditure remains in line with the level of our resources at a time of declining financial support from central government. This is likely to entail some significant changes in the manner in which our services to local residents are delivered with the level of change required clearly having the potential to disrupt service provision with the associated risks that such disruption entails.

As part of the quarterly performance, finance and risk meetings the issue which was regarded as increasing in importance was that of managing the impact of welfare reform. There were a number of potential impacts arising from welfare reform which gave grounds for concern. These included the impact of welfare upon local residents with this Council possibly having to be proactive in developing and adapting its services to meeting emerging needs, the potential adverse impact upon key income streams such as Council House rents and Council Tax collection and also rising financial costs from increasing eligibility of local residents for benefit payments at a time when government grant support is effectively a fixed amount, or heavy demands upon budgets such as that for Discretionary Housing Payments. Officers are carefully monitoring the impact of welfare reform including its impact upon the Contact Centres, the Revenues and Benefits and Housing teams.

The Risk Management Group at its meeting on 1st May 2013 agreed that it is now timely to refresh the Council's Risk Strategy and it is planned that this piece of work will be completed – including the comments of the Audit Committee – by the time of the next quarterly report to Executive concerning the Strategic Risk Register. Once Executive has approved the revised Risk Strategy then it will be used as the basis for a training and awareness programme amongst both staff and Elected Members. As an interim awareness raising measure the Risk Management Group also indicated that it would be appropriate to forward the Strategic Risk Register as recommended within this report to the Budget Scrutiny Committee for its consideration.

Financial Implications

There are no additional financial implications arising out of this report at this stage. While where appropriate additional mitigation measures have been identified and implemented during the course of preparing the Strategic and Master Risk Registers, the cost of implementing this mitigation will be met from within previously agreed budgets.

Legal Aspects

There are no legal issues arising as a consequence of this report.

Risk Management Issues

Risk Management Issues are covered throughout the body of the main report.

Equalities Issues

There are no equalities issues arising directly out of this report.

Human Resource Implications

There are no Human Resource issues arising directly out of this report.

Recommendations

That Executive approves the Strategic Risk Register as at 31st March 2013 as set out in Appendix 1 to this report and request that an updated Register as at 30th June 2013 together with a revised Risk Strategy be brought back to a subsequent meeting of Executive for approval.

Background Papers

Location

Master Risk Register

Accountancy

TABLE 1

STRATEGIC RISK REGISTER SUMMARY

STRATEGIC RISK REGISTER SUMMARY AS AT: MARCH 2013

	Risk	Consequences	Risk Score (Likelihood x Impact)	Risk Score (Likelihood x Impact)Tak ing into Account Current Controls	Risk Owner / Lead Officer
1	Failure to deliver a balanced budget in line with the MTFP, at a time when the Council's reserves are at relatively low levels.	<ul style="list-style-type: none"> Impact upon ability to deliver current level of services Unable to resource acceptable levels of service. Significant adverse reputational Impact. 	4,4 16	3,4 12	SAMT / Chief Financial Officer
2	Failure to realise the opportunities presented by the Strategic Alliance / Joint Working.	<ul style="list-style-type: none"> Deterioration in service quality / performance. Failure to achieve required MTFP savings. Deterioration in quality of governance and internal control arrangements. 	4,4 16	3,4 12	SAMT / Political Leadership
3	Adverse external economic position / government legislation, welfare reform etc. has an accelerating impact on	<ul style="list-style-type: none"> Unable to deliver a package of services that meet changing local needs and aspirations. Unable to effectively support local 	4,4, 16	3,4 12	SAMT / Political Leadership

	Risk	Consequences	Risk Score (Likelihood x Impact)	Risk Score (Likelihood x Impact)Taking into Account Current Controls	Risk Owner / Lead Officer
	Council (poor grant settlement), or upon the local economy (employment losses / benefits reforms).	<p>communities.</p> <ul style="list-style-type: none"> Increased demands on Council services at a time when Council resource base is reducing. 			
4	Financial position makes it increasingly difficult to recruit to key posts or to replace key staff who leave	<ul style="list-style-type: none"> Deterioration in services to the public Increasing inefficiencies in service provision Weakening of Internal Control arrangements. 	4,4 16	3,4 12	SAMT / Asst Director HR
5	Delivery of the Council's Agenda is dependent upon effective delivery of both a number of major initiatives inc Regeneration Initiatives, HRA reform, Asset Management securing major financial savings and implementing a range of new government reforms	<ul style="list-style-type: none"> New initiatives are not delivered in a cost-effective manner. Failure to maintain / improve services in line with local aspirations Failure to generate the savings required to balance the budget Financial efficiencies weaken Governance / Internal Control arrangements. Service deterioration / failure arising from capacity 	4,4 16	3,4 12	SAMT / Chief Executive

	Risk	Consequences	Risk Score (Likelihood x Impact)	Risk Score (Likelihood x Impact)Taking into Account Current Controls	Risk Owner / Lead Officer
	whilst maintaining service quality, which may overstretch our reduced organisational capacity.	issues.			
6	Emergency Planning and Business Continuity arrangements fail to meet required standards when tested by flu pandemic, natural disaster (flood), etc	<ul style="list-style-type: none"> • Inability of Council to provide services as a consequence of a severe catastrophic external event (eg flooding, major terrorist incident, flu pandemic, fire). • Failure of IT infrastructure, leading to inability to effectively operate services and to safeguard income streams. • Business Continuity Plans prove ineffective in practice. 	3,5 15	2,5 10	SAMT / Director of Health and Well Being
7	A major operational risk materialises resulting in a significant impact upon the Council's ability to secure its corporate objectives. Given the efficiency	<ul style="list-style-type: none"> • Deterioration in services to the public, potentially a major initial impact upon a local resident or a group of local residents. • Significant staff and financial resources required to resolve position, 	3,4 12	2,4 8	SAMT / Assistant Directors

	Risk	Consequences	Risk Score (Likelihood x Impact)	Risk Score (Likelihood x Impact)Taking into Account Current Controls	Risk Owner / Lead Officer
	measures that have been introduced to date this is considered to be an increasing issue for the Council.	<p>impacting on other services.</p> <ul style="list-style-type: none"> • A major service has its operating capacity significantly impact and is required to introduce major reform in its approach to service delivery. 			
8	Governance Arrangements including Performance, Finance and Risk Management need to be maintained in order to continue to operate effectively in a rapidly changing environment.	<ul style="list-style-type: none"> • Adverse Impact upon Service Quality. • Failure to deliver high quality services which address national and local priorities. • Significant adverse reputational impact. 	3,4 12	2,4 8	Chief Financial Officer / Monitoring Officer
9	Lack of strategic direction from Members / Corporate Management , external partners change Strategic direction.	<ul style="list-style-type: none"> • Failure to deliver high quality services which address national and local priorities. • Deterioration in Governance Arrangements. • Refocus of current services necessary with associated disruption. 	3,4 12	3,3 9	Chief Executive / Political Leadership Team

	Risk	Consequences	Risk Score (Likelihood x Impact)	Risk Score (Likelihood x Impact)Taking into Account Current Controls	Risk Owner / Lead Officer
10	Workforce Issues (Staff morale / Sickness Levels) adversely affected as a result of pace of change, tightening financial circumstances or external circumstances.	<ul style="list-style-type: none"> • Deterioration in services to the public and loss of productivity • Loss of key staff increased sickness levels • Increased pressure on other members of staff 	3,4 12	2,4 8	SAMT / Assistant Director HR

BOLSOVER DISTRICT COUNCIL

AUDIT COMMITTEE 21st MAY 2013

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

AUDIT COMMITTEE : SELF ASSESSMENT 2012/13

RELEVANT CORPORATE AIMS : All

TARGETS : No specific Targets

VALUE FOR MONEY: Effective governance arrangements are a key element in securing value for money across all Council Activities.

1 Purpose of Report

1.1 To enable the Audit Commission to undertake a self-assessment of the role that it is performing within the Council together with an assessment of its effectiveness in ensuring that the authority has effective governance arrangements.

2 Background Information

2.1 CIPFA / SOLACE published their guidance concerning Delivering Good Governance in Local Government at the end of the 2012 calendar year. That guidance has been used in developing the Annual Governance Statement a report on which appears elsewhere on this agenda.

2.2 The publication contains a significant amount of discussion concerning the role of the Audit Committee in ensuring good governance in local authorities and this information is presented in this report in order to enable the Audit Committee to benchmark itself against good practice and to allow it to assess its contribution to the overall Governance arrangements within the authority.

2.3 The Council has acquired a corporate licence to make the content of the Good Governance Guidance available to both Members and Officers. Appropriate sections of the Guidance are included within this report and an electronic copy of the CIPFA / SOLACE guidance is available on request.

2.4 The Guidance summarises previous CIPFA publications to provide an overview of the core functions that should be undertaken by an Audit Committee. These are as follows:

- consider the effectiveness of the authority's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements
- seek assurances that action is being taken on risk-related issues identified by auditors and inspectors
- be satisfied that the authority's assurance statements properly reflect the risk environment and any actions required to improve it

- approve (but not direct) internal audit's strategy and plan, and monitor performance
- review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary
- receive the annual report of the head of internal audit
- consider the reports of external audit and inspection agencies
- ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted
- review the financial statements, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit

2.5 Within the Guidance the benefits of having an Audit Committee are that it provides effective assurance about the adequacy of financial management and reporting. IN CIPFA / SOLACE's view these functions are best delivered by an audit committee independent of the executive and scrutiny functions. CIPFA / SOLACE regard the Audit Committee as having a significant role in:

- helping to ensure an authority achieves value for money
- giving additional assurance through a process of independent and objective review
- helping to improve the adequacy and effectiveness of risk assessment, risk management and internal control
- reinforcing the objectivity, importance and independence of internal and external audits and therefore the effectiveness of the audit function
- raising awareness of the need for sound control and the implementation of recommendations by internal and external audit
- ensuring effective arrangements exist for enabling a whistleblower to report irregularities.

3 Issues for Consideration

3.1 In considering its effectiveness the Audit Committee may choose to consider the purpose and benefits of an audit committee as set out in sections 3.4 and 3.5 above. In addition Appendix 1 extracts from the CIPFA / SOLACE guidance the questions which an Audit Committee needs to consider in assessing its effectiveness.

3.2. It should be noted that a further report covering the issue of the Governance of Risk and Value for Money will be brought to the next meeting of this Committee. That report will be accompanied by a report considering the Council's Risk Management Framework and Strategy.

4 Legal Aspects

4.1 There are no legal issues arising out of this report.

5 Risk Management

5.1 Effective governance arrangements for local authorities are crucial if they are to meet the standards of accountability, integrity, consumer focus, democratic engagement and organisational effectiveness that are expected of them. The Audit Committee plays a key role in ensuring that appropriate governance arrangements are in place and in quality assuring such governance arrangements. By assessing both the Governance

arrangements that are in place and by self assessing its own effectiveness as a Committee the Audit Committee can mitigate the risk that the Council's governance arrangements will not be fit for purpose.

6 Policy and Performance

- 6.1 Governance arrangements are designed to ensure that the Council's Policy and Performance frameworks are in place and operate effectively. As such this report and the Governance Statement provide a general health check on the Council's policy and performance arrangements.

7 Financial Implications

- 7.1 There are no additional financial implications arising from this report for the Council.

8 Equalities Issues / Human Resources Implications / Environmental Considerations

- 8.1 There are no direct implications, although the preparation of the Governance Statement will provide some high level assurances regarding the operation of current arrangements in these areas.

9 Crime and Disorder/ Community Safety Implications

- 9.1 There are no direct implications, although the preparation of the Governance Statement will provide some high level assurances regarding the operation of current arrangements in these areas.

10 Reasons for Recommendations

- 10.1 To enable the Audit Committee to review its effectiveness in the promotion and maintenance of good Governance arrangements within the authority.

11. Recommendations

- 11.1 That the Audit Committee utilise the guidance contained in the CIPFA / SOLACE publication "Delivering Good Governance in Local Government" to undertake a self assessment of its effectiveness in promoting good governance.
- 11.2. That the Committee request that a further self assessment exercise with respect to Risk Management and Value for Money arrangements be brought to the next meeting of this audit Committee.

Questions for Audit Committee Members to Ask: Governance – Extracted from CIPFA / SOLACE: Delivering Good Governance in Local Government (2012)

The assessment covers the six principles of good governance. To assist the Committee the Director of Resources has where appropriate provided comments in response to the issues raised by CIPFA / SOLACE. It is for the Committee to take a view as to the appropriateness of these comments and to consider those issues where no comments have been made.

1 Good governance means focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area

Does the internal audit strategy meet our needs?

The Head of the Internal Audit Consortium produces an Internal Audit Plan at the outset of each financial year and provides formal monitoring reports concerning progress against that plan at regular intervals during the course of the year. The Audit Committee formally approves the Audit Plan and it is agreed by both External Audit and the Director of Corporate Resources (S151 Officer).

Are the authority's key risks still relevant to the current strategic objectives?

These are kept under review in the preparation of the Plan. Internal Audit have access to all key Council reports , performance and financial data and therefore are in an appropriate position to ensure that the report reflects changing risks.

1 Good governance means members and officers working together to achieve a common purpose with clearly defined functions and roles

Does the internal audit reporting line ensure that audit recommendations are given due weight and attention?

The Audit Committee and SAMT consider the outcome of all internal audit reports, with the Audit Committee receiving a copy of all reports that are marginal or unsatisfactory.

How are external auditors co-ordinating their work with the authority's internal auditors?

External and Internal audit undertake such liaison as they consider to be appropriate.

Is a common definition of risk used across the authority?

The authority has a Risk Management Framework which is applied across the authority.

2 Good governance means promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

Are the internal auditors free from any other responsibilities that could impair their independence?

Yes

Are procedures followed consistently with the need to achieve value for money?

The Council is actively promoting a culture based upon effective performance management and robust budgetary control. When these are applied against a background of an on-going reduction in the level of financial resources available then these will provide powerful incentives to securing VFM.

What steps are being taken to discharge the duty to promote and maintain high standards of conduct?

This is assessed as part of the process of preparing the Annual Governance Statement and that assessment is outlined in a report which appears elsewhere on this agenda.

3 Good governance means taking informed and transparent decisions which are subject to effective scrutiny and managing risk

Do internal and external auditors receive the necessary degree of co-operation?

In the view of the Director of Corporate Resources the necessary degree of co-operation has been achieved. He is not aware of any issues where appropriate co-operation has not been received.

Where internal audit budgets are being reduced, how will the level of assurance be maintained?

Internal Audit budgets have not been significantly reduced although the savings from a limited amount of natural wastage have been taken.

Have there been any attempts to restrict the scope of the internal auditors' work in any way?

No

How is the efficiency and effectiveness of internal audit demonstrated?

The Audit Committee receives regular reports which should put it in a position to reach an informed view. The Chief Financial Officer provides a report to the Audit Committee on an annual basis which assesses the effectiveness of internal audit. The report relating to 2012/13 will be brought to the June meeting of this Committee.

Do the internal or external auditors have any concerns about management's control awareness or operating style?

Any such concerns will be raised as part of their routine reporting process. Both internal and external audit are aware of their right to report any concerns to the Audit Committee.

Does the audit committee have all the assurances it needs to meet its responsibilities and ensure the authority meets its statutory duties?

The Chief Financial Officer seeks to ensure that the Authority's business is

conducted in line with statutory duties and good practice. One of the intended outcomes from this report and self-assessment is that the Audit Committee should consider its role in the organisation and whether it undertakes its functions effectively.

Is there effective assurance across all key areas?

The Annual Governance Report, this self-assessment, the reports of External and Internal Audit should inform the Audit Committees views on this matter.

Is the audit committee over-reliant on internal and external audit for assurance? Are there other sources of assurance that should be considered?

The Annual Governance Statement and this self-assessment should enable the Audit Committee to give appropriate consideration to this issue.

Have all staff had the opportunity to contribute to identifying the risks the authority faces?

Service Plans which are provided by all sections incorporate a Service Risk register which needs to be agreed by the teams themselves. The Quarterly Finance, Performance and Risk meetings together with the Business Risk Group provide an opportunity to input into and influence both Service and Strategic Risk Registers.

Is risk management part of all planning and decision-making processes?

All reports to Committee include a section on, projects have Risk Registers and management processes highlight the importance of giving appropriate consideration to Risk.

Is risk management integrated with the authority's other procedures?

Risk is considered alongside Performance and Finance as part of the Council's Performance Management framework.

Are appropriate procedures in place to ensure adequate user involvement in the development of new systems and major systems changes, including the design of control checks and balances?

All projects are managed through a project group which includes representatives of all stakeholders.

Has the authority implemented national counter-fraud standards?

Yes.

4 Good governance means developing the capacity and capability of members and officers to be effective

Are there appropriate training and induction procedures for audit committee members?

It is appropriate that the Audit Committee comes to its own view on this issue.

Does the audit committee periodically assess its own effectiveness?

This report is intended to secure that objective. It is intended that an appropriately updated version of this report this report will be brought back to Audit Committee on an annual basis in line with the reporting of the Annual Governance Statement.

Do internal audit staff have sufficient technical and professional knowledge and experience to ensure that audits are performed to appropriate professional standards? Is there sufficient systems expertise to deal with the level of technology used by the authority?

The Chief Financial Officer will be bringing a report to the June meeting of this Committee providing his assessment of the effectiveness of Internal Audit.

Does the authority run training sessions on risk management for new staff?

While the Corporate Induction process provides a brief introduction where risk management is a significant part of any role it will be incorporated into the person specification which will ensure that only suitably experienced qualified people will be appointed. Where necessary appropriate training will be arranged.

Has the authority assessed itself against the CIPFA Statement on the Role of the Chief Financial Officer in Local Government? Are there any issues to address?

This was undertaken as part of the process of preparing the Annual Governance Statement.

Has the authority assessed itself against the CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations? Are there any issues to address?

This was undertaken as part of the process of preparing the Annual Governance Statement.

5 Good governance means engaging with local people and other stakeholders to ensure robust local public accountability

Does the authority's annual governance statement reflect reality?

The Chief Financial Officer is of the view that is based upon an appropriate assessment which took account of any relevant sources of information. The Annual Governance Statement will be subject to consideration by the Audit Committee, by the Senior Alliance Management Team and by External Audit (KPMG). This should ensure effective scrutiny of the contents.

Does the annual governance statement reflect compliance?

The Annual Governance Statement will be subject to consideration by the Audit Committee, by the Senior Alliance Management Team and by External Audit (KPMG). This should ensure effective scrutiny of the contents.

Are there areas where the authority does not comply with relevant guidance?

Not to the knowledge of the Chief Financial Officer. Should such areas be identified then the authority will either move to ensure compliance or will report such noncompliance to the appropriate body.

Did any circumstances prevent adherence to the agreed timetable for preparing and auditing accounts? Did any delays result in an audit overrun?

The 2011/12 Accounts were prepared and concluded in accordance with the

required timescale. Plans are in place to ensure that the timetable is adhered to in 2012/13. The Audit Committee will be aware that the Council was not able to achieve adherence in 2010/11.

Do the authority's financial statements satisfy all statutory and regulatory disclosure requirements to which the authority is subject?

Officers will take appropriate steps to ensure that the Council is fully compliant. The work of officers will be subject to independent External Audit and subject to Member and Audit Committee scrutiny. The accounts themselves are a public document which are fully accessible for wider public scrutiny.

7. Ensuring Effectiveness

For audit committees to be effective, they should have:

Clear, distinct and up-to-date terms of reference

The Terms of Reference are set out in the Council's Constitution which are reviewed on a regular basis. The relevant section of the Constitution is as follows:

(7) AUDIT COMMITTEE

1. Statement of Purpose

The purpose of the Audit Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Authority's financial and non-financial performance to the extent that it affects the Authority's exposure to risk and weakens the control environment. The Audit Committee will also oversee the Authority's corporate governance arrangements.

2. Reporting Framework

The Audit Committee will report directly to the Council, and provide information to the Executive for action, whilst maintaining its independence.

3. Membership and Structure of Meetings

The Audit Committee will have a membership of 6 and reflect the political composition of the Council, the number of independent non elected representatives will be three. A quorum will constitute at least three members of the Committee.

The Chair and Vice Chair of the Committee will be elected from its membership. The Audit Committee will meet at least four times per year but retain the flexibility to call special meetings where necessary. This will be at the request of the Chair or Vice Chair of the Audit Committee or in accordance with the Constitution. The minutes of the Audit Committee will be reported to Full council.

4. Principal Responsibilities

(1) To ensure that the Council has a sound system of internal control which facilitates the effective exercise of the Council's functions to include the following:-

- i) Arrangements for the assessment and management of risk within the Authority and ensuring they are embedded within the organisation.
- ii) Approving and modifying the terms of reference and strategy for internal audit.
- iii) Receiving and approving the annual internal audit plan and reviewing the external audit plan.
- iv) Receiving quarterly reports on the progress against the annual audit plan.
- v) Reviewing and adopting the Annual Governance Statement.
- vi) Reviewing the Council's anti-fraud policy

- (2) To consider the Council's Code of Corporate Governance and approve the annual statement in that respect.
- (3) To review, scrutinise and approve the Draft Statement of Accounts prior to review by External Audit and report such to Council.
- (4) To consider and approve, after review by External Audit, if the review is available, the Statement of Accounts and report such to Council. The date by which this must be achieved is 30th September each year.
- (5) To review and adopt the detailed and summary Annual Governance Statement in light of the Internal Audit Annual review, report on the effectiveness of Internal Audit, Governance letters and the financial details shown in the statement of Accounts. In addition when these items are scheduled for consideration the Leader, Deputy Leader and the appropriate Cabinet member for Strategic Organisational development would be invited to attend the Audit Committee and participate in the debate and discussion, but no voting rights would be associated with the invitation.
- (6) To review the Council's internal audit function and monitor performance.
- (7) To monitor and ensure implementation of internal and external audit recommendations.
- (8) To be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

5. Members and Officers Giving Account

- 1. The Audit Committee may scrutinise and review decisions made or actions taken in connection with the discharge of any Council functions. As well as reviewing documentation, in fulfilling this role, it may require any Member of the Executive, Scrutiny Committee, the Head of Paid Service, the Director of Resources, the Monitoring Officer and any Head of Service to attend before it to explain in relation to matters within their remit and it is the duty of those persons to attend if so required.
- 2. Where any Member or officer is required to attend the audit Committee under this provision, the Chair of that Committee will inform the Chief Executive Officer. The Chief Executive Officer shall inform the Member or Officer in writing giving at least 15 working days' notice of the meeting at which he/she is required to attend. The notice will state the nature of the item on which he/she is required to attend to give account and whether any papers are required to be produced for the Committee. Where the account to be given to the Committee will require the production of a report, then the Member or officer concerned will be given sufficient notice to allow for preparation of that documentation.
- 3. Where, in exceptional circumstance, the Member or officer is unable to attend on the required date, and then the Chair of the Audit Committee shall in consultation with the Member or officer arrange an alternative date for attendance.

An appropriate place within the governance structure of the authority and effective reporting arrangements

The Audit Committee should consider this issue in the light of the Council's Constitution. The reporting framework as established by the Constitution is as follows: "The Audit Committee will report directly to the Council, and provide information to the Executive for action, whilst maintaining its independence. "

Members that are fully aware of their role, appropriately trained and independent minded.

This self-assessment should ensure that Members are fully aware of their role.

The Audit Committee itself will need to form a view as to the other issues raised by this question.

A skilled chair supported by members with financial and audit expertise

Audit Committee Members are selected on the basis that they have appropriate skills and experience. Ultimately, however, the Audit Committee itself will need to form a view as to the other issues raised by this question.

An appropriate balance of expertise, experience, continuity and political neutrality to discharge its responsibilities

This is covered in the Constitution. Membership of the Committee does include Elected Members who are also Members of Executive which is contrary to the principle that the Committee should be independent of Executive and Scrutiny. The Committee itself may wish to consider whether this impinges on its effectiveness. It should perhaps also be recognised that the presence of senior Executive and Scrutiny Members does strengthen the ability of the Audit Committee to influence the Governance of the Council in a positive fashion.

Officer support (including a secretary role)

The Committee is supported by the Director of Resources, Internal Audit and by the Governance Team.

A clearly set out and agreed (but flexible) annual work plan

The Audit Committee has not approved a formal annual work plan but its agenda is determined by the wider financial and governance timetables that are operational within the Council.

A wide-ranging agenda that reflects the governance, risk and control priorities of the authority

The Audit Committee is structured around a consideration of key reports on Finance and Risk which are prepared for the 'Executive'. It has a Key Issues of Financial Governance report at every meeting which allows it to monitor progress against underlying Governance issues facing the Council.

Access to other committees/information as required

The Committee's rights are set out in the Constitution and it can require that it receives information which it considers to be appropriate to the conduct of its business.

Agenda papers circulated well in advance of the meetings

The aim is to ensure that all reports are circulated at least 5 working days before the meeting. While this will not be possible in all cases Officers are working to secure improved adherence to this 5 working day deadline.

Meetings arranged on a regular basis

The Committee has approximately 6 meetings a year which are spread throughout the year.

Engagement with a wide range of services in accordance with the risks under review

Directors are requested to attend meetings as required.

Regular assessment of performance as a committee.

This report is intended to secure that objective. It is intended that an appropriately updated version of this report this report will be brought back to Audit Committee on an annual basis in line with the reporting of the Annual Governance Statement.

16th May 2013

Dear Sir or Madam

The Arc
High Street
Clowne
Derbyshire
S43 4JY

AUDIT COMMITTEE – TUESDAY 21ST MAY 2013

I refer to your recently circulated agenda for the above meeting and now enclose the following item:

Part One – Open Items

Agenda Item 6

Reports of the Director of Corporate Resources;

Update from Directors Concerning Internal Audit Recommendations.

Pages 151 to 171.

Yours faithfully,



Chief Executive Officer

To: Chairman & Members of the Audit Committee

ACCESS FOR ALL

If you need help understanding this document or require a larger print on translation, please contact us on the following telephone number:-

 **01246 242528** **Democratic Services**
Minicom: 01246 242450 **Fax: 01246 242423**



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Email enquiries@bolsover.gov.uk **Web** www.bolsover.gov.uk

Chief Executive Officer: Wes Lumley, B.Sc. F.C.C.A.



The Government Standard

Committee:	Audit Committee	Agenda Item No.:	6.
Date:	21 st May 2013	Status	Open
Subject:	Internal Audit Reports – Directors Updates		
Report by:	Director of Corporate Resources		
Other Officers Involved	Senior Alliance Management Team		
Director	Director of Corporate Resources		
Relevant Portfolio Holder	Councillor E. Watts, Leader of the Council and Portfolio Holder for Finance and Policy		

RELEVANT CORPORATE AIMS

STRATEGIC ORGANISATIONAL DEVELOPMENT – to continually improve the efficiency and effectiveness of all Council Services by maximising the potential use of Council resources.

TARGETS

All.

VALUE FOR MONEY

This report is intended to form part of the process of improving the Council's Internal Control Arrangements. Such arrangements are an essential foundation in securing Value for Money.

Introduction

At its extraordinary meeting of 16th October 2012 the Audit Committee requested the attendance of all Directors to provide an update of progress made in addressing those Audit Reports which had resulted in an assessment of unsatisfactory or marginal being recorded against the area under consideration. The Audit Committee has continued to emphasise the role that the Directors play in ensuring a sound internal control environment and this report is intended to allow all Directors to provide a further update to the Committee in respect of progress in those areas which were previously considered to be marginal or unsatisfactory.

In view of the role and responsibilities of the Directors in securing a sound system of Internal Control the Audit Committee has requested that all Directors attend this meeting of the Audit Committee to provide Members with an update of the progress that has been secured in respect of those audit reports where the overall assessment was one of marginal or below.

Background Information

The process of assessment utilised by Internal Audit is set out in the table below:

Control Level	Definition
Good	A few minor recommendations (if any).
Satisfactory	Minimal risk; a few areas identified where changes would be beneficial.
Marginal	A number of areas have been identified for improvement.
Unsatisfactory	Unacceptable risks identified, changes should be made.
Unsound	Major risks identified; fundamental improvements are required.

It is first of all useful to note that the Council has not had any areas categorised as unsound which is most critical assessment. Where an area is evaluated as either good or satisfactory then no further corporate work is considered to be necessary. In these areas it seems appropriate that the service manager be allowed to resolve any outstanding issues. In these cases progress will be verified at the next internal audit review of that service. By contrast where an area is judged either marginal or unsatisfactory then further reports are brought back to the Audit Committee. It should, however, be noted that the marginal assessment is given where a number of areas have been identified for improvement. Such an assessment does not therefore imply that systems are fundamentally unsound or unsafe. If a situation were to arise where an area was considered unsound then it is envisaged that an Action Plan together with the associated formal reporting requirements would need to be agreed and implemented. Progress in implementing that Action Plan would be monitored by the Audit Committee.

Appendix 1 to this report sets out the position concerning those reports which were judged to be either unsatisfactory or marginal in respect of 2011/12 and provides an update as to the progress made in respect of each of those areas.

- Of the 4 areas which were considered to be unsatisfactory three which have been reassessed as marginal while in the area of Gas Servicing the assessment remains one of unsatisfactory. While the Internal Audit did find significant improvement in the gas servicing arrangements from the previous audit there remain serious grounds for concern regarding the Council's performance in this area of work. "Management take the finding of "unsatisfactory" extremely seriously. Prior to the audit systems had been introduced to address previous audit concerns including the scheduling of gas safety inspections within the required 12 months period. Unfortunately although by the year end all properties had a valid safety certificate, during the year some inspections were not carried out within the 12 months. We recognise the practice of giving 10 days notice of a service was causing a problem, as if the engineer was unable to gain access on this first appointment it was likely that the 12 month deadline would not be met. We are in the process of introducing a new system where the tenant is contacted 28 days before the anniversary, to make an appointment around 14 days before the anniversary. If this is not possible, or the tenant does not allow initial access this allows sufficient time to either make another appointment or to escalate. This system will be subject to regular testing and reporting to management

and Members via the Housing Stock Management Group. In addition we have requested that Internal Audit carry out a follow –up report after 3 months to ensure that the new system is robust and operating effectively.”

- Of the nine reports which were classed as marginal four have already been subject to a further audit with two remaining at a marginal level, one being assessed as satisfactory and one being assessed as good.

Appendix 2 sets out the position in respect of audits undertaken to date in the current financial year 2012/13. The position as compared to that in respect of 2011/12 may be summarised as follows:

	Unsatisfactory	Marginal	Satisfactory	Good	Total Audits Undertaken
2011/12	4	9	9	6	28
2011/12 %	14%	32%	32%	22%	
2012/13	1	10	5	6	22
2012/13 %	5%	45%	23%	27%	100%

While the position is clearly not a good one with some 50% of audits in the lower two categories (excluding unsound), there are indications of a small underlying improvement in that the number of unsatisfactory assessments has been reduced to one, while the overall sense of a detailed reading of internal audit reports is that progress is being made in securing improvements in the Council’s internal control arrangements. Likewise, a consideration of the detailed responses as set out in Appendix 3 does indicate that Management is of the view that the recommendations have – in the majority of cases – been addressed, or are work in progress. This would suggest that the majority of these areas should record a satisfactory rather than a marginal at the time of the next audit review. It is crucial, however, that the improving trend that has started to establish itself during 2012/13 is maintained and that the Council is able to eliminate unsatisfactory assessments in critical areas of its operations and that it is able to reduce the number of marginal assessments significantly.

It is, however, clearly unsatisfactory that a key area remains unsatisfactory and that over half of the audits have identified a number of areas that are in need of improvement. The position outlined within this report strongly supports the view that the Council needs to undertake a co-ordinated drive to improve its internal control arrangements during the coming financial year. Given that the Audit Committee is responsible for the financial governance arrangements of the Council it would seem appropriate that it gives further consideration as to what steps are necessary to improve the Council’s arrangements for Internal Control. The Committee may wish to consider whether the following options are appropriate in the current situation:

- Given the corporate importance of the weaknesses identified in internal control the Audit Committee needs to give consideration as to whether to include this as a risk within the Strategic Risk Register.
- That Directors be requested to attend the Audit Committee on a more regular basis. While the appropriate meeting for the next update would possibly be at the September 2013 meeting Committee may wish to give some consideration that where a marginal or unsatisfactory outcome is recorded that the Director be required to attend the next meeting of the Audit Committee in order to explain the actions that have been taken.

- That Directors be requested review existing managerial arrangements to ensure that maintaining sound systems of internal control is treated as a managerial priority including use of SAMT, Employee Appraisals and the Quarterly Finance, Performance and Risk meetings.
- That a further report be brought back to the next meeting of this Committee in order to consider those audits previously assessed as marginal where no further audit work has yet been undertaken, together with those areas where the controls have been assessed as satisfactory or good. This will help ensure that all Audit Reports are being appropriately followed up and recommendations are being implemented in a timely fashion.

Issues/Options for Consideration

These are as detailed in the report.

Financial Implications:

These are as detailed in the report.

Legal, Human Resources, Environmental, Crime and Disorder, Design and Community Safety:

These are as detailed in the report.

Reason for Recommendations

To ensure that the Audit Committee are kept informed of information relating to the Council's internal control arrangements.

RECOMMENDATION(S) that;

1) Audit Committee note the report and consider what further action is required to address the identified weaknesses in internal control.

2) Audit Committee requests that further reports be brought back to future meetings of the Committee detailing progress in addressing the full range of internal control weaknesses that have been identified by the work programme of Internal Audit.

**UPDATE ON AREAS CONSIDERED
UNSATISFACTORY OR MARGINAL IN 2011/12**

Area /Assessment	Current Position
Unsatisfactory	
Creswell Leisure Centre audited in June 2011 resulted in 7 High priority and 2 Medium priority Items.	Audited in July 2012 assessed as marginal with 4 high priority and 2 medium priority items
Laptops and Removal Media audited in January 2012 resulted in 4 High. 5 Medium and 2 low priority items.	Audited in January 2013 assessed as marginal with 1 high and 3 medium
Gas Servicing audited in March 2012 resulted in 4 high and 1 low.	Audit which was concluded in May 2013 resulted in an assessment of unsatisfactory with 2 high and 1 medium recommendation.
Housing Repairs in May 2012 resulted in 4 high, 1 medium and 2 low.	Audit undertaken in March 2013 gave an assessment of marginal with 3 High, 2 Medium and 1 low recommendation.
Marginal	
Corporate Targets audited in July 2011 resulted in 4 High and 2 medium priority items	Audited in July 2012 assessed as marginal with 3 high and 1 medium.
Housing Rents in January 2012 resulted in 7 high, 4 medium and 3 low.	Housing Rents completed January 2013 assessed as satisfactory with 1H 1M 1L
Stores in February 2012 resulted in 4 High and 1 medium recommendation.	Housing Stores completed January 2013 assessed as marginal with 3H 3M.
Creditors in February resulted 2012 in 2 high and 2 medium	Audit scheduled for Autumn 2013.
Time Management System and Flexi Time resulted in 6 medium and 1 low.	Audit scheduled for 2014/15.
Capital Accounting in March 2012 resulted in 2 high and 1 low.	Outstanding issues resolved as part of the preparation of Council's accounts for 2011/12. Future audits in this area are linked to the requirements of external audit.
Budgetary Control in March 2012 resulted in 3 high and 4 medium	Audit currently taking place.
Grounds Maintenance resulted in April 2012 resulted in 3 high and 2 medium	Audit scheduled for 2014/15
Procurement Follow up in May 2012 resulted in 3 high, 2 medium and 2 low.	A further audit scheduled for 2013/14.

APPENDIX 2

Summary of Internal Audit Reports Issued 2012/13 Plan to 22nd February 2013 (NB Excludes any Audits outlined in Appendix 1)

Area	Date	Assessment	Recommendations
Procurement / Consultancy services	June 2012	Marginal	2H, 3M, 2 L
Partnerships	June 2012	Marginal	3H, 1M, 1L
Members Allowances	July 2012	Satisfactory	1H, 2M, 1L
Non Domestic Rates	July 2012	Good	0
Cresswell Leisure Centre	August 2012	Marginal	4H, 2 M
Performance Indicators	August 2012	Marginal	3H, 1 M
ICT Service Desk	August 2012	Good	1M, 2L
Transport, Fuel, Vehicle Security	October 2012	Marginal	3H, 2 M
Section 106	October 2012	Marginal	4H,2M
Pleasley Outdoor Centre	December 2012	Good	1M,1L
Treasury Management	December 2012	Good	0
Housing Rents	December 2012	Satisfactory	1H,1M, 1L
Laptops and Removable Media	January 2013	Marginal	1H, 3M
Stores	January 2013	Marginal	3H, 3M
Rechargeable Works	March 2013	Marginal	1H, 2M, 1 L
Housing Repairs	March 2013	Marginal	1H, 2M, 1 L
Commercial Waste	March 2013	Satisfactory	2H,1M
Housing Benefits	March 2013	Satisfactory	1H
VAT	April 2013	Satisfactory	1M
Main Accounting	April 2013	Good	1M
Capital Accounting	April 2013	Good	0
Gas Servicing	May 2013	Unsatisfactory	2H, 1 M

With respect to the more recent Audits issued during March 2013 not all Management responses to Internal Audit have been provided at this stage.

Summary of Internal Audit Reports 2012/13 – Considered Marginal.

Report Title: Lap Tops and Removable Media

Report Date: January 2013

Recommendations		Priority (High, Medium, Low)	Update
R1	Where resources allow, the ICT policies installed on the Council intranet at both BDC and NEDDC should be reviewed and consolidated to provide a consistent and common basis for the guidance of Members and staff for all aspects of the ICT service provision including the secure usage and maintenance of laptop and removable media devices.	M	The agreed date for completion of this work is September 2013. That date will, however, need to be reviewed in the light of the Council's priorities in respect of ICT. Work in Progress.
R2	To support the Device Transfer Form completion procedure, the ICT Service Desk Manager should also review the circulated leavers form. This is already provided to a designated member of staff of the ICT Service Desk. This could be used for confirmation to Support Works of allocated laptops and removable media devices issued in order that data protection requirements are complied with and the relevant Service Manager formally requested to ensure all assets are returned or otherwise accounted for.	M	The ICT leaver's procedure has been amended to require ICT to notify Service Managers of any laptops or usb sticks that have not been returned. Action Completed.
R3	Following completion of the annual inventory checks and visual audits or where sample checks of the Support Works details are specifically undertaken, the results should be reviewed by the ICT Service Desk Manager and any anomalies identified should be investigated and corrected as a priority.	M	The ICT Management Team are of the view that Visual audits are too resource intensive to undertake on an annual basis. Instead ICT will seek the confirmation of service managers that information is correct and focus on anomalies and those that have not been seen in the last 12 months. Action Completed.

Recommendations		Priority (High, Medium, Low)	Update
R4	ICT Service Desk staff should be further reminded that the Device Transfer Form procedure should be consistently completed where there are changes to the allocation of laptops and removable media as this forms a primary record of the management trail of information to substantiate changes to entries in Support Works.	H	This was put in place following a team meeting in January 2013. Action Completed.

Summary of Internal Audit Reports 2012/13 – Considered Marginal

Report Title: Creswell Leisure Centre

Report Date: June 2012 (Marginal)

Recommendations		Priority (High, Medium, Low)	Update
R1	The level of fees and charges levied for activities at Creswell Leisure Centre should be consistent with that approved by Members.	H	This management of Fees and Charges has been reviewed which will ensure a more robust policy together with a consistent implementation of that policy. Action Completed.
R2	Management should take a proactive role in monitoring discrepancies in income levels.	H	A new operating principle (OP22) has been introduced into the centre's Comprehensive Operating Guide (COG) to cover this issue. Action Completed.
R3	Leisure Services management should review security controls and access to the centre itself, alarm and safe.	M	This has been undertaken and the number of key holders reduced to the minimum possible consistent with effective working. Action Completed.
R4	Existing procedures should be reviewed to ensure services are unavailable to users with cancelled/invalid memberships.	M	In place. Arrangements needed revising following transfer of Kissinggate Leisure Centre. Action Completed.
R5	Regular reconciliation between items of lost property in the safe and on the lost property register should be undertaken and evidenced by a senior member of staff.	H	Officers are of the view that a robust procedure is in place which has been externally accredited. Action Completed.
R6	Officers must ensure invoices are authorised within delegated limits.	H	Procedures have been reviewed. Action Completed.

Summary of Internal Audit Reports 2012/13 – Considered Unsatisfactory or Marginal.

Report Title: Stores

Report Date: February 2013

Recommendations		Priority (High, Medium, Low)	Update
R1	<p>Following the receipt of agreement from the representatives of Travis Perkins relating to outstanding issues, the draft lease for the premises should be duly completed and signed by both parties.</p> <p>This recommendation is the responsibility of Legal Services</p>	M	<p>Comments from legal - Although the lease is not yet signed, the issue to be resolved is with Travis Perkins. The original problem was over the plan showing the correct area of the lease. A suitable plan was sent to Travis Perkins but has not been confirmed as being correct. Once this is confirmed, it is an administrative task to complete the lease.</p> <p>Work in Progress.</p>
R2	The Housing Voids and Welfare Manager should issue an instruction that all problems with stock should be recorded in the Stores Issue book in order that these can be discussed and documented for evaluation with the TP Stores Manager at the monthly Stores Meeting.	M	<p>Instruction issued Jan2013 to put this procedure in place.</p> <p>Action Completed.</p>
R3	The Voids and Welfare Manager should request that HR/Payroll add him to the circulation list of Payroll leaver notifications. This will ensure that the purchase cards of staff members who leave the employment of the Council can be de-activated promptly.	M	<p>This is now in place. The information was requested from Payroll during Nov 12 - prior to finalisation of this report.</p> <p>Action Completed.</p>
R4	The checks completed by the Housing Voids and Welfare Manager in relation to monthly purchases by user should be further documented as evidence of the process, the documentation should include highlighting entries reviewed and signing off records as being checked.	H	<p>The checks concerned have been established procedure for some time. Following on from the audit they will now be formally signed off.</p> <p>Action Completed.</p>

Recommendations		Priority (High, Medium, Low)	Update
R5	<p>In order to ascertain a level of assurance that the credits and returns relating to TP Stores are correctly accounted for, the recently instigated process of checking a sample of credit notes to the consolidated invoice should be formally established and completed for each accounting period with evidence of the checks undertaken to be retained with any resulting queries being raised with TP.</p> <p>Finance should be asked to provide feedback whether any issues have been identified as a result of this process.</p>	H	<p>This check was implemented as a result of last year's audit. The procedure in place will in future be supported by improvements in documentation. In addition to the work undertaken within the service Finance now match all credits and returns documents to the TP account each month. These are checked to the account and scanned in with the credit note invoice.</p> <p>Where there are returns notes and no credit notes to match them to, this is taken up with TP</p> <p style="text-align: center;">Action Completed.</p>
R6	<p>It should be ensured that a sample of at least 10 stock items should be checked every month to confirm the validity of the price charged, this process should be documented and signed off by the Housing Voids and Welfare Manager.</p>	H	<p>Agreed and in place.</p> <p style="text-align: center;">Action Completed.</p>

Summary of Internal Audit Reports 2012/13 – Considered Marginal.

Report Title: Section 106 Agreements

Report Date: September 2012

Recommendations		Priority (High, Medium, Low)	Update
R1	Reconciliation should be undertaken between the monitoring spreadsheet and actual S106 agreements to ensure all relevant obligations have been recorded in order to provide increased assurance that the Authority's interests are protected.	High	New spread sheet developed by Finance. This spreadsheet reconciles all relevant obligations meeting the Audit recommendations. New spread sheet and reconciliation will be in place for the new financial year 13/14. Action Completed.
R2	Efforts should be made to advance the introduction of a more robust method of recording and monitoring S106 actions and obligations in order to increase assurance that such records are complete, accurate and up to date	High	Revised financial monitoring arrangements associated with R1 above will enable compliance with this recommendation. Action Completed.
R3	Consideration should be given to the development of a formal S106 policy to improve transparency and clearly outline the Authority's role, methodology and objectives in dealing with S106 issues	Medium	A revised policy on planning obligations will be included within the new Local Plan (Strategy) which is out for public consultation later in 2013. While the underlying work has been completed the action itself will only be completed when the Local Plan is adopted. Work in Progress.
R4	Officers should be reminded of the importance of recording relevant S106 events on the monitoring spreadsheet.	High	This issued was raised at S106 Working Group in Jan 2013 and will continue to be reinforces as a key message at that group. Action Completed.
R5	The S106 working group should convene on a quarterly basis and include compulsory attendees from all relevant departments. Reconciliation of outstanding balances should constitute a standing agenda item.	High	Implemented Action Completed.

Recommendations		Priority (High, Medium, Low)	Update
R6	Periodic reports on the position of S106 issues across the Authority should be produced and presented for Members consideration.	Medium	This will be a standard item on the agenda and will be formally considered as part of the Development Directorate Quarterly meetings on Performance, Finance and Risk. Action Completed.

Summary of Internal Audit Reports 2012/13 – Considered Marginal.

Report Title: Corporate Targets

Report Date: August 2012

Recommendations		Priority (High, Medium, Low)	Update
R1	Managers should be asked to check that their corporate targets are very clearly defined and not open to misinterpretation.	H	An e mail has been sent to Directors and Assistant Directors concerning the outcome of the audit and the importance of ensuring that targets are clear. Corporate Targets have been reviewed as part of the 'spring clean' exercise and the Qtly Performance, Finance and Risk meetings will facilitate ongoing review. Action Completed.
R2	Managers within Regeneration and Community Safety should be reminded of the need to ensure that all declared figures are fully supported and that this evidence is available for audit.	M	See above. Action Completed.
R3	With reference to those relevant corporate targets where the audited outturn is at variance from the details input to Perform, Senior Alliance Management Team (SAMT) need to agree the variances as detailed in this audit report to enable the Assistant Director of Strategy and Performance to update Perform and subsequent performance plans.	H	Due to the deadline for publication of the Annual Performance Plan the JAD – S&P has agreed variances with individual officers. Action Completed.
R4	That SAMT make a decision as to whether the reduction of Former tenants arrears target is to be measured from the start date of 2011/12 as per other targets or from September 2011 as is currently the case.	H	Due to the deadline for publication of the Annual Performance Plan the JAD – S&P has agreed the measure with the officer. Action Completed.

Summary of Internal Audit Reports 2012/13 – Considered Marginal.

Report Title: Vehicles, fuel and Security at Riverside Depot 2012/13

Report Date: November 2012

Recommendations		Priority (High, Medium, Low)	Update
R1	<p>Strong consideration should be given to improving security measures at the depot at the earliest opportunity by the introduction of:-</p> <ul style="list-style-type: none"> • CCTV • Movement and \ or pressure censors • Audio warnings • Anti climb paint • Caging around the fuel tanks or other identified security improvements • Removal \ pruning of trees adjacent to the fence line • Low level (un-obtrusive) ambient night lighting • Consideration to parking of RCV (fuel targeted) vehicles in less vulnerable positions with CCTV coverage <p>A budget for the above will need to be agreed by Members.</p>	High	<p>Executive approval obtained and arrangements being made with Council's preferred supplier (TIS) to install CCTV system with PIR movement detectors. However, budget constraints do not extend to funding perimeter fence protection.</p> <p>Agreed Action Completed.</p>
R2	Internal Audit should be notified of all break-ins in future.	High	<p>Agreed</p> <p>Action Completed.</p>
R3	All drivers should be asked to present their driving licence on at least an annual basis. Where licences are not produced, drivers should be formally instructed and where failure to take on board a reasonable instruction arises, management sanctions considered.	High	<p>This is currently undertaken but monitoring procedures regarding compliance need to be reviewed.</p> <p>Work in Progress.</p>

Recommendations		Priority (High, Medium, Low)	Update
R4	Consideration should be given to banking more frequently or utilising the Council's contracted cash collection company to collect the income on a weekly basis from the depot. It may be appropriate to consider this after chip and pin has been operational a few months as the amount of cash taken may fall.	Medium	"Banking" of income takes place once per week using an employee of the Council, rather than employing a cash collection company. Action Completed.
R5	Consideration should be given to contacting finance to establish a small float in order to be able to provide change to customers.	Medium	A float has been established. Action Completed.

Internal Audit Report – Implementation Schedule

Report Title: Rechargeable Works 2012.13

Report Date:

5th March 2013

Response Due By Date:

26th March 2013

Recommendations	Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussion Required	Comments
			Officer	Date			
R1 The draft rechargeable repairs policy should be finalised and presented to Executive for approval at the earliest opportunity.	Medium	Yes	PC	June			To Executive May or June 2013. Work in Progress.
R2 Where pre termination or post termination inspections identify rechargeable works as defined by the policy then there should be a procedure in place to ensure that these invoices are raised. All Officers responsible for raising these invoices should be made aware of the procedure. Any decision made not to raise an invoice should be clearly recorded along with the reasons why not.	High	Yes	IB				Timescale to be determined – note restructure for dept is planned which may change responsibility. Work in Progress.
R3 The Voids and Welfare Manager should give consideration to reviewing a sample of pre termination and post termination	Medium	Yes	IB			Accepted, but there is a proposed restructure	Timescale to be determined, but within 3 months of R2

Recommendations		Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussion Required	Comments
				Officer	Date			
	inspection reports to ensure that invoices are being raised where appropriate.						for department – which may change the roles.	Work in Progress.
R4	The current level of a minimum recharge after a tenant has vacated is £25, consideration should be given as to whether this is still a cost effective figure. Any decision made should be incorporated in to the policy.	Low	Yes	PC				Proposed £50 in revised draft policy. Work in Progress.
R5	Consideration should be given to requesting information from sundry debtors in respect of the status of rechargeable invoices i.e. paid, disputed, written off.	Low	Yes	IB				Requested quarterly information Action Completed.

Internal Audit Report – Implementation Schedule

Report Title: Housing Repairs 2012/13

Report Date:

5th March 2013

Response Due By Date:

26th March 2013

Recommendations	Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussion Required	Comments
			Officer	Date			
R1	M	Yes	MD				System in place to check each month. (copy to be retained) Action Completed.
R2	H	Partial	MD				Annual checks are carried out. (note this process was partially completed at time of audit – but not all responses returned at that time) Action Completed.
R3	H	Yes	MD			Timescale difficult as depending on availability of SPU.	Action plan agreed with SPU to introduce range of contracts for various works. Work in Progress.

Recommendations	Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussion Required	Comments
			Officer	Date			
R4	Where a schedule of rates has been used as the basis for the costing of a job these prices should be able to be tied back to the corresponding invoice.	H	Yes	MD			Note the schedule of rates are being reviewed (see R3) Action Completed.
R5	Once the new version of Optitime is installed, the range of management information available should be fully developed to provide details of the completion time of actual repairs which are at variance with the assigned SMV's as a basis for determining whether further action is required.	L	Yes	MD			Timescale to be determined dependent of software supplier. Work in Progress.
R6	The Head of Housing should ensure that departmental performance information is provided to Executive quarterly in accordance with the intended reporting basis.	M	No	PC			Accept this information should be reported quarterly – however it is available each month to all members. One report was missed due to absence from work. Is it proportionate to include this as a recommendation?

Summary of Internal Audit Reports 2012/13 – Considered Marginal.

Report Title: Partnership Report

Report Date: May 2012

Recommendations		Priority (High, Medium, Low)	Update
R1	Following the abolition of Comprehensive Area Assessment a set of guidelines relating to the performance and assessment of partnerships tailored to the Council's individual requirements should be developed and the Partnership Protocol and Toolkit updated accordingly.	L	Performance and Strategy have undertaken a "spring clean" of Strategies Policies and Plans. As part of this process it has been agreed to remove the current Protocol and Toolkit from use and to develop an alternative approach. Work in Progress.
R2	The partnership evaluation assessment form should be amended to prevent incorrect calculation of the scores.	H	Completed. Work in Progress.
R3	A review of Partnerships should be undertaken at the earliest opportunity with follow ups of review forms not returned undertaken	H	Consideration is being given in line with Recommendation 1 to our approach to managing partnerships in a changed environment. Work in Progress.
R4	Consideration should be given to taking a more proactive approach to the coordination of partnership arrangements and enlisting the assistance of Directors to achieve this.	H	The importance of this has been communicated to Directors and it is intended that we will use the Qtly Performance. Finance and Risk meetings to address this issue. Work in Progress.